2000-2001

Annual Report

Alberta Ministry of Resource Development

Alberta
RESOURCE DEVELOPMENT

Public Accounts 2000-2001

Preface

The Public Accounts of Alberta are prepared in accordance with the Financial Administration Act and the Government Accountability Act. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 18 Ministries.

The annual report of the Government of Alberta released June 2001 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

On March 15, 2001, the government announced new Ministry structures. Since the 2000-2001 fiscal year was substantially completed prior to this announcement, Ministry annual reports and financial statements have been prepared as if the restructuring took place on April 1, 2001, to provide proper accountability for the 2000-2001 fiscal year against the original business plan.

This annual report of the Ministry of Resource Development contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- ***the financial statements of entities making up the Ministry, including the Department of Resource Development, the Northern Alberta Development Council, the Alberta Energy and Utilities Board and the Alberta Petroleum Marketing Commission;***
- ***other financial information as required by the Financial Administration Act and Government Accountability Act, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report; and***
- ***financial information relating to trust funds.***

On March 15, 2001, Premier Klein announced a move to a separate Energy Ministry. Since the 2000-2001 fiscal year was nearly over at the time, this annual report reflects the preceding structures in place for managing energy and forest industry development, and documents the accomplishments of the Department of Resource Development (DRD), the Alberta Energy and Utilities Board (EUB) and the Northern Alberta Development Council (NADC) against targets set in the 2000-2003 business plan.

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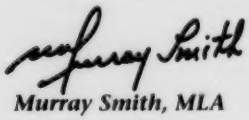
Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2001 was prepared under my direction in accordance with the Government Accountability Act and the government's accounting policies. All of the government's policy decisions as at September 11, 2001 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.



Murray Smith, MLA

Minister of Energy

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Message from the Minister

Oil and gas activity attracted over 40 per cent of Alberta's total capital investment in 2000. The 2000-2001 fiscal year has Crown revenues at $10.8 billion. Alberta producers drilled almost 12,000 wells.

Competitive electricity market

The transition to a fully competitive electricity marketplace continues. Among other notable restructuring milestones during the fiscal year was the sale of long-term supply agreements for electric power from previously regulated power plants, as well as announcements of new generating projects, expected to add over 5,000 megawatts (MW) over the next several years.

More than $2 billion in Electricity Auction Rebates – the net proceeds of two electricity auctions – will be distributed to consumers by the end of 2001.

Oil sands opportunities

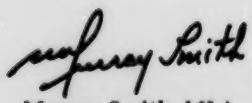
With over $50 billion in investment announced since 1996, Alberta's oil sands sector is poised to increase production substantially. During the past year, new business rules for the oil sands were completed that provide greater certainty to developers as they make future investment decisions. By 2005, oil sands production is expected to exceed one-million barrels per day and make up approximately one-half of Canada's oil output.

Regulatory highlights

The Alberta Energy and Utilities Board (EUB) implemented a number of initiatives during the year. It met all legislated requirements related to electricity restructuring. Work is under way on recommendations submitted by the Public Safety and Sour Gas Committee in December 2000. The Board also made progress in the areas of regulation enforcement and public consultation.

Our policies will reflect an ongoing commitment to open and competitive markets for government and industry. We will also continue to promote Alberta as a hub for northern natural gas transportation and for value-added upgrading.

I would like to thank the many stakeholders who contributed to the development of energy policies over the past year. I would also like to acknowledge the efforts of Mark Hlady, MLA for Calgary Mountain View, for his efforts as an Alberta representative to the U.S. Energy Council and the Canadian Energy Research Institute, and Hon. Guy Boutilier, MLA for Fort McMurray, for his work as chair of the Northern Alberta Development Council.



Murray Smith, MLA

Minister of Energy

Management's Responsibility for Reporting

The Ministry of Resource Development in 2000-2001 included:

- Alberta Department of Resource Development
- Alberta Energy and Utilities Board
- Alberta Petroleum Marketing Commission
- Northern Alberta Development Council

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Energy. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgements. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the province under Ministry administration,
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Energy any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the Government Accountability Act.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

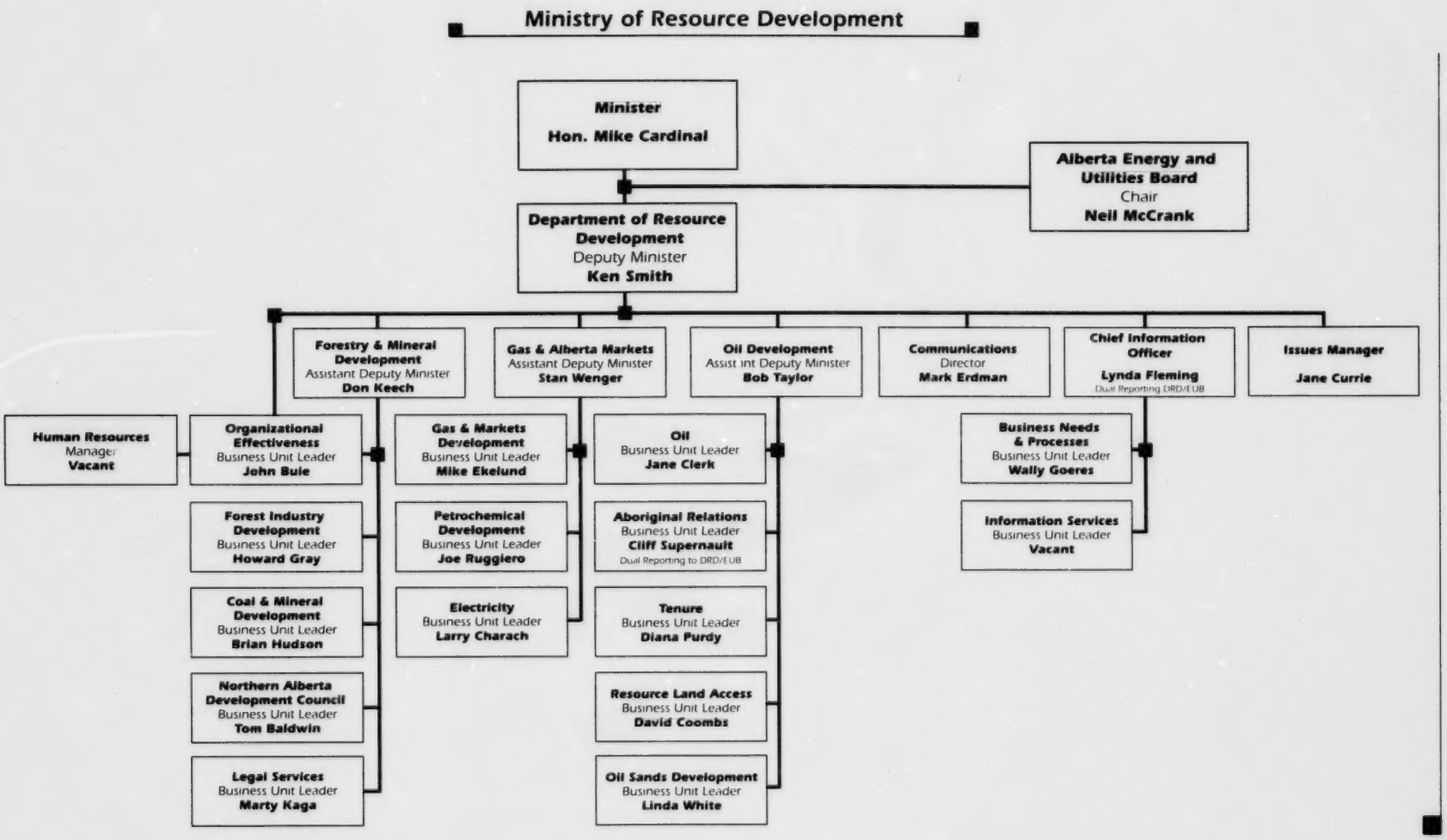
Ken Smith

Deputy Minister

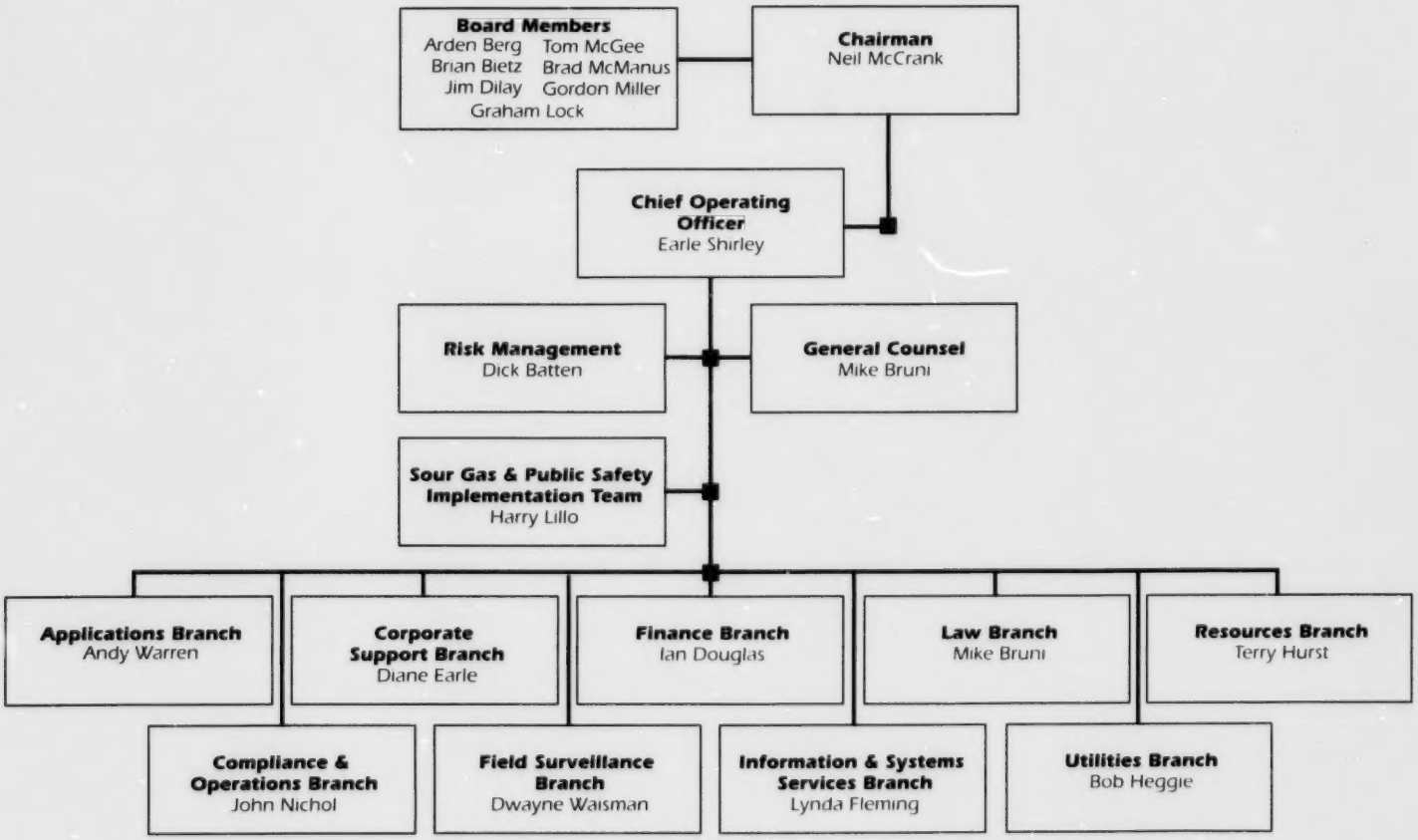
Department of Energy

Operational Overview

The Alberta Ministry of Resource Development ensures that Alberta's resources are developed in a way that optimizes their value for the people of the province and supports the Alberta Government's vision of people, prosperity and preservation.


Ministry of Resource Development
Minister
Hon. Mike Cardinal
Alberta Energy and Utilities Board
Chair
Neil McCrank
Department of Resource Development
Deputy Minister
Ken Smith
Forestry & Mineral Development
Assistant Deputy Minister
Don Keech
Gas & Alberta Markets
Assistant Deputy Minister
Stan Wenger
Oil Development
Assist int Deputy Minister
Bob Taylor
Communications
Director
Mark Erdman
Chief Information Officer
Lynda Fleming
Dual Reporting DRD/EUB
Issues Manager
Jane Currie
Human Resources
Manager
Vacant
Organizational Effectiveness
Business Unit Leader
John Bule
Forest Industry Development
Business Unit Leader
Howard Gray
Coal & Mineral Development
Business Unit Leader
Brian Hudson
Northern Alberta Development Council
Business Unit Leader
Tom Baldwin
Legal Services
Business Unit Leader
Marty Kaga
Gas & Markets Development
Business Unit Leader
Mike Ekelund
Petrochemical Development
Business Unit Leader
Joe Ruggiero
Electricity
Business Unit Leader
Larry Charach
Oil
Business Unit Leader
Jane Clerk
Aboriginal Relations
Business Unit Leader
Cliff Supernault
Dual Reporting to DRD/EUB
Tenure
Business Unit Leader
Diana Purdy
Resource Land Access
Business Unit Leader
David Coombs
Oil Sands Development
Business Unit Leader
Linda White
Business Needs & Processes
Business Unit Leader
Wally Goeres
Information Services
Business Unit Leader
Vacant

EUB Organization Chart



Operational Overview

Department of Resource Development

Core Businesses

Alberta is rich in natural resources. These resources are owned by Albertans and managed on their behalf by the Department of Resource Development (DRD). The department ensures sustainable development of the province's oil, natural gas, oil sands, coal, mineral and forest resources, and energy markets, including electricity. The leadership the department provides in managing Alberta's natural resources helps attract investment to the province.

Vision

The Ministry ensures that the development of Alberta's energy, mineral and forest resources and the provision of efficient, reliable energy supplies to consumers occurs within a policy, administrative, and regulatory framework that benefits both present and future Albertans, the owners of the resources.

Mission

Optimize the sustained contribution from Alberta's resources in the interest of Albertans.

Operations and Services

DRD Business Unit Summaries:

Conventional Oil
The Conventional Oil Business Unit oversees development of conventional oil resources. It encourages exploration and development of reserves, ensures Crown royalties are collected in kind from producers, and markets the Crown's share of crude oil production through private sector marketing agents.

Oil Sands Development
The Oil Sands Development Business Unit is responsible for promoting development of Alberta's extensive oil sands deposits. Its role is to manage the end-to-end oil sands business, which includes managing the tenure and leasing of oil sands rights, recommending royalty policy, establishing certainty through known business rules and collecting oil sands royalties.

Gas and Markets Development
The Gas and Markets Development Business Unit oversees development of natural gas resources. It provides business analysis to ensure that the Crown receives full value for its resources, values and calculates gas royalties, and monitors the activities and operations of natural gas utilities.

Tenure
The Tenure Business Unit leases and administers all conventional petroleum and natural gas rights held by industry in Alberta, including posting requests for land sales, licence validations, lease continuations, collection of rent and offset compensation, and unit contract negotiations. It also assesses and collects the Freehold Mineral Rights Tax levied on those who have freehold ownership of properties producing petroleum and natural gas.

Resource Land Access
The Resource Land Access Business Unit acts for the DRD in government-wide initiatives like Integrated Resource Management, which target sustainable development. It also works with other departments to address issues about access to resources located in parks and protected areas. The unit provides expertise in resolving mineral ownership disputes and advises on meeting DRD's tenure requirements. It also helps to inventory and evaluate mineral and forest activity for several purposes including the settlement of land claims.

Aboriginal Relations
The department meets its commitment to Alberta's Aboriginal Policy Framework through the activities of its Aboriginal Relations Business Unit. Through the Natural Resource Initiative, the unit is piloting a series of training projects to help Aboriginal people compete for jobs in resource industries and to support them in managing natural resources located on reserves. It facilitates strong working relationships between industry and Aboriginal groups and supports processes to ensure access to resources in a fair and timely manner.

Electricity
The Electricity Business Unit is responsible for the development of an electricity market that will ensure the long-term reliable supply of competitively priced electricity. The unit is developing the framework for a restructured electricity market as laid out in the Electric Utilities Act.

Petrochemical Development
The Petrochemical Development Business Unit monitors the supply of petrochemical feedstock in Alberta. It works with Alberta Economic Development and other departments to develop sustainable opportunities in the petrochemical sector.

Coal and Mineral Development
The Coal and Mineral Development Business Unit manages mineral resources other than petroleum, natural gas and oil sands. The unit leases mineral rights, collects royalties and develops business rules, policies and regulations to manage coal, metallic minerals, salt, diamonds, ammonite shell and quarriable rock resources.

Forest Industry Development
The Forest Industry Development Business Unit supports and enhances the contribution made by the forest industry to the diversification of Alberta's economy. The unit sets strategic directions and develops policy to ensure that Alberta's third largest industry continues to develop the province's forest resources in a sustainable way.

Organizational Effectiveness
The department achieves its business objectives with the help of the Organizational Effectiveness Business Unit. The unit provides strategic leadership, offers specialized knowledge in a range of areas, ensures that Crown resource revenues are fairly valued and that reporting is complete and accurate. It provides services in connection with human resources, finance, strategic planning, external relations, business planning, forecasting, performance measurement and evaluation, records management and library services.

Legal Services
Legal Services provides analysis and advice to the Minister and the department on a range of legal matters. The unit helps protect Alberta's interests in energy transportation and transmission, particularly in relation to access and tolling for facilities outside Alberta and on the Nova Gas Transmission System (Alberta System). It ensures that appeal and dispute resolution processes for industry objections about royalty calculation are handled fairly and objectively. It also monitors, supports and reports on the department's legislative planning and regulatory review processes.

Northern Alberta Development Council (NADC)
The NADC partners with the private sector and community-based organizations to advance northern development. NADC works with other government departments and northern stakeholders to increase understanding of issues and constraints affecting development in the North. It also promotes awareness about education and career options for northerners, and offers post-secondary student bursaries to support local skills development.

Analysis of Key Activities

Record activity and revenues in the energy industry

With its substantial oil, oil sands, natural gas and coal resources, Alberta is one of the world's major energy producers and leads the country in energy production. In 2000 the province accounted for 55 per cent of Canada's total production of conventional crude oil (including offshore sources), 83 per cent of natural gas production, 100 per cent of bitumen and synthetic crude oil production, and 49 per cent of coal production.

Responding to the strong economic climate for production, Alberta's energy industries helped drive Alberta's real GDP growth rate to an estimated 6.1 per cent in 2000, surpassing the national average of 4.7 per cent. High commodity prices resulted in an increase in exploration and development activity during 2000. A record 11,990 wells were drilled in 2000 and an average of 292 drilling rigs were active in Alberta.

The oil and gas sector drew over 40 per cent of capital investment in Alberta in 2000. International exports of natural gas, crude oil, other liquefied petroleum gases, bituminous coal and sulphur totalled over $35 billion, 62 per cent of the total value of Alberta's international exports in 2000.

Crown revenues in 2000-2001 totalled $10.8 billion, exceeding a previous high of $6.4 billion recorded in 1984-1985.

Revenue highlights:

- Natural gas and by-product royalty revenues rose to $7.2 billion up from $2.4 billion in 1999-2000.
- Crude oil royalty revenues in 2000-2001 totalled $1.5 billion, up from $1.1 billion in 1999-2000.
- Bonuses and sales of Crown petroleum, natural gas rights and oil sands agreements reached $1.2 billion during the year.
- Synthetic crude oil and bitumen royalty revenues contributed $712 million, up from $426 million the previous year.
- Revenue from the Freehold Mineral Rights Tax was $256 million, up from $134 million last year.
- Rentals and fees, coal royalty, the Alberta Royalty Tax Credit and other revenue netted $19 million.

Conventional Oil

Oil prices

Oil prices were consistently high during the 2000-2001 fiscal year. They averaged $30.20 US per barrel for West Texas Intermediate (WTI), well above the forecast price of $18 US per barrel. An agreement among OPEC members to maintain oil prices within a certain range by controlling production levels led to the sustained gains in world oil prices.

Supporting sustainable production

While conventional oil production is declining in the maturing Western Canada Sedimentary Basin, industry continued to enhance the value of conventional oil reserves. Enhanced oil recovery and horizontal drilling techniques helped maximize recovery of older pools. Exploration technologies, such as three-dimensional seismic surveys, allowed geologists and geophysicists to locate smaller, more difficult-to-find oil reservoirs. In Alberta 893,000 barrels of conventional crude oil were produced per day in 2000.

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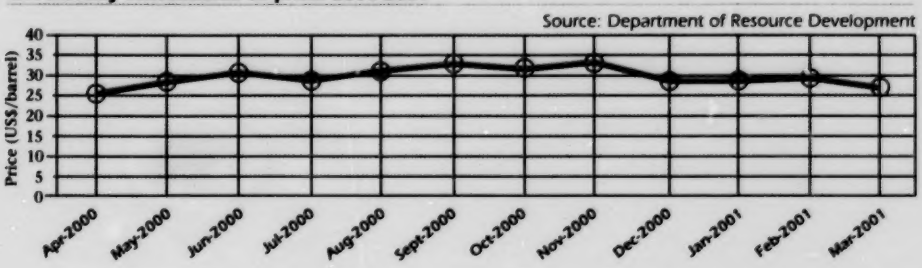
WTI monthly conventional oil prices 2000-2001



Reserves

At the end of 2000, Alberta's initial volume in-place of conventional oil was estimated to be 60.3 billion barrels, with an estimated ultimate potential for recovery of 19.7 billion barrels. To date, 24 per cent of Alberta's original oil in-place has been produced.

Managing Crown oil royalty revenues

The Crown's royalty on conventional crude oil is taken in kind. Since June 1996, conventional oil from royalties has been sold through private sector marketing agents. During the year, the department completed a review and assessment of existing private sector marketing arrangements and extended current arrangements for another year.

Oil Sands Development

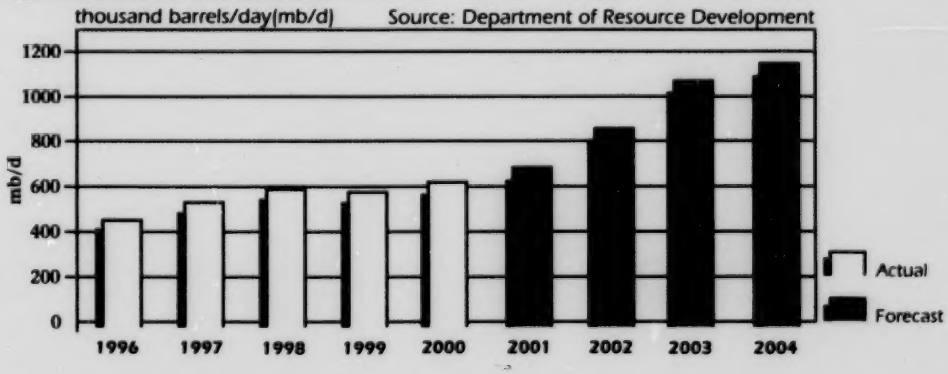
Emerging resource development opportunities

Oil sands production for 2000 was 605,000 barrels per day. By 2005, Alberta's oil sands will account for approximately half of Canada's crude oil output. Since 1996, $50 billion of investment in Alberta's vast oil sands resources has been announced, of which $11 billion has already been spent. This could result in the production of 1.7 million barrels of crude oil per day by 2010 and the creation of some 50,000 new jobs across Canada.

Reserves

Volume in-place of oil sands is approximately 1.6 trillion barrels, of which over 300 billion barrels are expected to be ultimately recoverable with existing technology.

Oil sands production 2000-2001



Oil sands milestones

- To support continued resource development, the department finalized royalty business rules for developing oil sands resources. These rules provide developers with a climate of certainty in which to make clear decisions about future investment in Alberta's oil sands.

- The Imperial Transition Agreement was signed. This agreement transfers royalty provisions for all current and proposed operations at Imperial Oil Ltd.'s Cold Lake production project to the royalty regime approved in 1997. By bringing all major oil sands projects under the 1997 oil sands regime, the department is meeting industry needs for clarity about future investment while ensuring Albertans receive their fair share of oil sands revenues.

- In response to a hearing held from April to September 1999 on the effect of continued production of natural gas over existing bitumen reserves in the Athabasca oil sands, the Alberta Energy and Utilities Board (EUB) issued Decision 2000-22, which shut in 146 natural gas wells in the Surmont area. In its decision, the EUB determined that continued production of natural gas in the Surmont area presented a significant risk to future bitumen recovery from Gulf Oil Ltd.'s Surmont oil sands leases. In response to this decision, DRD worked extensively over the past fiscal year with Gulf Oil Ltd. and the natural gas producers affected by the decision to help resolve the issue.

Natural Gas and Natural Gas Liquids

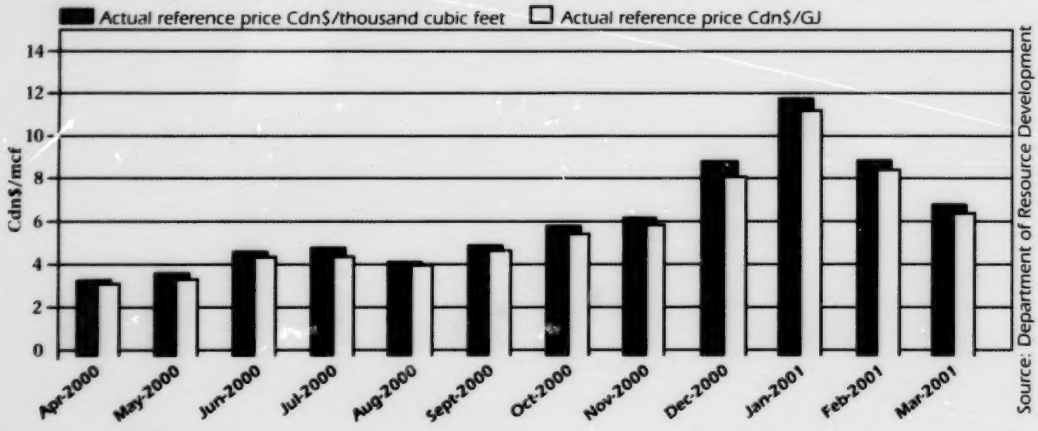
The natural gas market

Prices averaged $6.07 Cdn per thousand cubic feet (mcf), well above the anticipated price of $2.50 Cdn per mcf. Prices reached record levels late in the year, as growing demand across North America exceeded growth of natural gas supplies. Demand pressure was compounded by the coldest November and December weather ever recorded in the U.S.

Alberta producers responded to high prices with record levels of drilling and production activity. They produced 14.2 billion cubic feet (bcf) of marketable natural gas per day, compared to eight billion cubic feet per day (bcf/d) a decade ago. Gas well completions totalled 7,281 in 2000, in comparison to 4,962 in 1999.

The Alliance Pipeline, a new 1.5 bcf/d high compression pipeline capable of delivering liquids-rich natural gas to the Chicago area, commenced operations in late 2000, increasing aggregate export gas pipeline capacity to 12.91 bcf/d. This enhanced pipeline capacity will ensure that Alberta has the infrastructure to move its natural gas to major markets. Pipeline networks, storage and other infrastructure make Alberta a key hub for the processing and delivery of natural gas in North America.

Alberta natural gas monthly reference price



Reserves

- Alberta's volume in-place gas reserves were about 251 trillion cubic feet (tcf) at the end of 2000, with an ultimate potential for recovery of 200 tcf of conventional reserves. While economic and technological developments will extend the conventional gas base, the potential of Alberta's unconventional gas resource base (coal bed methane and tight sands gas) is only beginning to be understood. Its potential is expected to be a significant contributor to Alberta's future gas supply.

Natural gas milestones

- ***Support for rural gas co-ops***
  Rural gas co-ops are small, co-operative utility companies, which supply gas to geographically-defined rural service areas and are owned by their members. The co-ops construct distribution systems and sell natural gas to the members in their area. Through the Rural Gas Program, the provincial government covers a portion of the high costs of extending natural gas infrastructure in rural areas. These costs are a function of long transportation distances and low population densities.

  Alberta's rural gas co-ops received an additional $2.1 million in program funding in 2000-2001 to address a major shortfall resulting from the unprecedented growth occurring in the province. This one-time increase brought total Rural Gas Program funding to $5.15 million to help address the needs of Alberta's rural gas customers. The increase was funded through a reallocation of dollars from within DRD's budget. Since 1973, the program has provided over $425 million in capital grant funding to provide natural gas to over 170,000 farmers and rural residents, as well as other services.

  In May 2000, support was announced for the Gift Lake Metis Settlement natural gas distribution system to link homes in the community to the nearest existing transmission line. This completed a 1999 commitment by government to support the development of natural gas infrastructure in the Buffalo Lake, Kikino and Gift Lake Metis Settlements that were at the time without gas. Work on the Kikino and Buffalo Lake Settlements, initiated earlier, was completed in fall of 2000.

  Government's share of the cost of providing this service to 700 homes in the three settlements is about $2.65 million, half of the total estimated capital cost of $5 million. The remainder of the cost is borne by the settlements.

- ***Natural Gas Liquids (NGLs)***
  Consultations with industry continued about implementing the changes to the gas and NGL royalty framework announced in December 1999. Through this process, a framework was developed that will change the way the NGL components of natural gas are reported for royalty calculation purposes, and the royalty rates and values at which they are assessed. The department continues to work with industry in resolving outstanding issues and developing business rules to implement the framework.

- ***NOVA tolls***
  The department completed industry consultations and finalized business rules and processes so that it can implement multiple transportation deductions from the Alberta Gas Reference Price on a monthly basis. This will change the standardized "postage stamp" rate for transporting natural gas on the NOVA Gas Transmission System (Alberta System) to varying rates, depending on the pipeline receipt location. This will come into effect in 2001-2002.

- ***Royalty and Related Information Review task force***
  Industry consultations continued on the royalty regime changes identified in the Royalty and Related Information Review task force report. Business rules and requirements have been completed for two of the nine action items identified by the task force. Three more are under discussion and work on the remaining four is scheduled to start in the third and fourth quarters of 2001-2002.

- ***Facilitating customer choice among natural gas retailers***
  The department started work on the Natural Gas Billing Regulation, which will allow consumers purchasing gas from retailers to receive a single natural gas bill, rather than separate bills from the utility and the retailer. In addition, a website was created to provide information on natural gas customer choice at **www.customerchoice.gov.ab.ca**

Action on Energy Prices

Energy costs increased because higher-than-expected North American prices for natural gas and a booming economy led to unprecedented demand for electricity. In Alberta, natural gas and electricity prices are related, since about 35 per cent of electrical generation capacity is fuelled by natural gas. As a gas-producing province with energy resource revenues, Alberta took the lead across Canada in assisting consumers to deal with increased energy costs.

Implementing energy rebates

The department focused strongly on dealing with the impact of high energy prices on Albertans. It provided market information and policy advice to government in developing the Energy Tax Refund and the Natural Gas and Electricity Rebates for Albertans.

Alberta Infrastructure administered the Natural Gas Rebate which was announced in December 2000 and funded by general revenues. DRD developed the policy framework and worked with utility companies and other stakeholders to deliver the program through utility billing systems. It also processed the propane-fuel oil applications and coordinated much of the public information.

The department worked closely with power providers and the Power Pool of Alberta to establish policies and procedures to ensure a fair and equitable allocation of the proceeds of electricity auctions to consumers. A public awareness campaign and information service were implemented on behalf of the Electricity Auction Rebates.

Albertans received the following support:

Energy Tax Refund ($690 million)

This program provided every Alberta taxpayer over the age of 16 with two $150 cheques to help cover the rising cost of all forms of energy, including electricity, natural gas and gasoline.

Natural Gas Rebates ($1.1 billion)

Residential Consumers: Albertans who received a residential natural gas bill for home heating received an automatic $150 a month rebate on their gas bills from January through April 2001. As well, most residents using propane and fuel oil for home heating were eligible to apply for the rebate.

Non-residential Consumers: All other consumers using natural gas for heating purposes received a rebate of $6 per gigajoule (GJ) to a maximum of 5,000 GJ or $30,000 per month from January through April 2001. An equivalent consumption-based rebate was available to most users of propane and fuel oil upon application.

Electricity Rebates (more than $2 billion)

Alberta consumers were shielded from electricity price instability through more than $2 billion in electricity rebates which came into effect January 1, 2001 and will remain in effect until December 31, 2001.

Residential Consumers: Homeowners received a rebate of $40 per month directly on their electricity bill. The rebate has helped keep residential electric energy prices in 2001 virtually constant with 2000 levels for the average household using 650 kilowatt-hours per month.

Non-residential Consumers: Industrial and commercial consumers - including community groups, businesses and farms - received a rebate of 3.6 cents per kilowatt-hour directly on their bills. This rebate runs for one year.

Default Supply Consumers: From January through June 2001, commercial and industrial consumers using more than 250,000 kilowatt-hours per year who did not

have electricity contracts with suppliers, received a Market Transition Credit of up to four cents per kilowatt-hour, when the Weighted Monthly Average Pool Price exceeded 11 cents.

Communicating with Albertans about rising energy costs

Albertans' interest in energy issues increased during 2000-2001 because of rising energy prices, the transition to a restructured electricity market and government rebate programs to return natural gas royalties and proceeds from the electricity auctions to customers.

Brochures and guides

Nine electricity brochures and guides were developed to educate Albertans about how to make informed decisions in Alberta's competitive electricity marketplace. Mass mailouts of *Helping You Plug into Alberta's Electric Industry* and *How to Shop for Electricity* were sent to Alberta residential customers. Informational materials were also developed for small industrial and commercial consumers and rural utilities.

Websites

- The department's electricity pages at **www.energy.gov.ab.ca** provided an overview of restructuring, including legislation and core documents.
- The department developed a website to provide focused information to consumers about natural gas and electricity customer choice at **www.customerchoice.gov.ab.ca**
- The Alberta Public Affairs Bureau created **www.albertaenergyfacts.com** to help keep the public, business, public institutions, non-profits and the media informed about all aspects of high energy costs.

Call Centres

Alberta government staff responded to:

- almost 160,000 telephone calls to operators at the Alberta Connects government call centre from September 2000 to March 2001;
- some 3,700 telephone calls to DRD from November 2000 to March 2001;
- more than 1,100 e-mail enquiries coming through the Alberta Connects system to DRD from November 2000 to March 2001.

Electricity

On January 1, 2001 Alberta became the first province or territory in Canada to implement customer choice at the retail level for electricity. The transition to this competitive electricity marketplace continues.

Accomplishments of the past fiscal year included the implementation of long-term agreements for the marketing of electric power from previously regulated power plants, announcements of several new generating projects and creation of a number of consumer rebates to help power users cope with unexpectedly high energy costs.

Auctions

Following extensive consultation, Power Purchase Arrangements (PPAs) were created to eliminate the competitive advantages of facilities built under regulation over newer, independent power producers. The auction of rights to purchase the generation capacity of previously regulated thermal (coal- and natural gas-fired) facilities for terms of up to 20 years resulted in more competition among those offering electricity into the Power Pool. The PPAs represented more than 7,000 megawatts (MW) of electricity produced in generating units that were built in Alberta under regulation.

Successful bidders in the PPA auction held in August 2000 raised $1.1 billion. At the close of the sale, four PPAs remained unsold. Financial contracts for power represented by these PPAs were auctioned under the Market Achievement Plan in December 2000. These contracts were for 2001, 2002 and 2003. This sale netted a further $1 billion. The net proceeds of the two electricity auctions will be distributed to consumers by the end of 2001.

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Choice for retail electricity customers

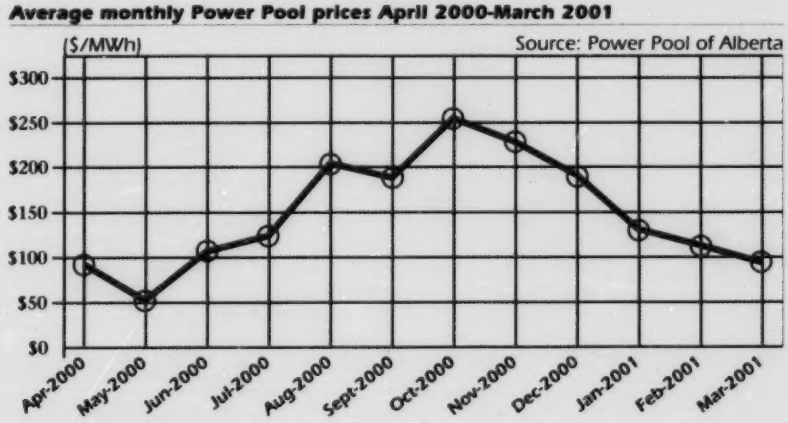
DRD was responsible for implementing retail electricity customer choice on January 1, 2001. Introducing electricity restructuring to Alberta is helping to foster a competitive retail market for electricity – notably at the commercial and industrial level – that will provide Albertans with choice of suppliers, innovative services and competitive prices. The residential retail market is continuing to evolve.

New generation

Alberta's competitive electricity market has helped to encourage new generation. The new system enables the market to be more responsive to changes in supply and demand by allowing anyone to build new generation capacity, not just the utility companies.

New generation of about 1,400 megawatts (MW) was added to the Alberta power supply between 1998 and the end of 2000. An additional 600 MW is expected to come on line in 2001, part of over 5,000 MW of new power projects announced by industry for development by 2006. This increased supply should push prices downward.

Average monthly Power Pool prices April 2000-March 2001



Electricity milestones

2000

- The first electricity auction of Power Purchase Arrangements raised $1.1 billion for Alberta consumers.
- An electricity auction of financial contracts for energy raised $1 billion for Alberta consumers.
- Government announced a ten-point plan for enhancing the reliability of Alberta's electricity system.
- Electricity rebates for residential consumers were set at $40 per month for residential consumers and 3.6 cents per kilowatt-hour for non-residential consumers.
- A total of 416 MW of new generation came on line with the start-up of a co-generation plant near Red Deer, of which 200 MW is available for sale to the provincial grid.
- The three major proposed developments announced in 2000 were:
  - a 400-MW coal-fired power plant near Lake Wabamun, which is west of Edmonton;
  - a 525-MW natural gas-fired power plant near Calgary; and,
  - a 400-MW coal-fired power plant near Brooks.

2001

- Customer choice was introduced in January 2001. More retail options are expected as the market develops.
- Long-term Power Purchase Arrangements began (2001-2020).
- The five-year Regulated Rate Option (RRO) was introduced for home and farm customers. The RRO for 2000 was set at 11 cents per kilowatt-hour. There is a three-year option for small commercial and industrial customers.
- A seven-point Retail Transition Plan was announced to assist development of a competitive marketplace and encourage new generation.
- A Market Transition Credit provided short-term assistance to businesses that went on Default Supply Rate.
- A new 900 MW coal-fired generation project proposal near Lake Wabamun was announced.

Coal and Mineral Development

The 2000-2001 fiscal year was one of endings and new beginnings for the coal industry. Bituminous coal production declined in Alberta due to lower prices and strong competition in the international metallurgical coal markets. Smoky River Coal went out of business in March 2000 and all operations were shut down. Luscar's Gregg River mine closed in October 2000.

With higher natural gas prices, several companies in the industrial and agricultural sectors examined the benefits of switching to coal to reduce energy costs. As new technologies for cleaner burning coal emerge, the potential for growth in the coal industry will continue. Three new coal-fired power plants were proposed for the province.

Alberta is blessed with an abundance of coal. Reserve estimates indicate that the province has enough coal to generate electricity at current consumption rates for the next 800 years.

Coal and mineral development milestones

- During 2000-2001, the department completed consultations on a mineral development strategy, which will create a framework for the orderly development of Alberta's metallic and industrial minerals. The four major components of the strategy are increasing the province's geoscience knowledge base, improving regulatory processes, improving communication with communities, and industry development. This strategy will be finalized in the coming year.
- A review of royalties for metallic and industrial minerals was initiated during the year.

Petrochemical Development

Alberta is Canada's largest petrochemical-producing area. In its 22-year history, the Alberta petrochemical industry has grown from a single ethylene plant with a capacity of 1.2 billion pounds per year, to four plants with a combined capacity of 8.6 billion pounds per year.

The continuing competitiveness of this sector is mainly based on access to reliable, competitively priced natural gas-based feedstocks and a favourable long-term economic climate. Unlike in other parts of North America, the Alberta petrochemical industry operates entirely on natural gas-based feedstocks, principally ethane. DRD works to ensure that the petrochemical industry in Alberta has competitive access to the ethane feedstock it needs. Over the past year, the newly created Petrochemical Development Business Unit worked to raise the profile of value-added processing opportunities for natural gas liquids.

Impact of high energy prices

During the year, high energy prices made extraction of liquids from natural gas temporarily uneconomic, as producers could realize more profit by selling liquids as part of the gas stream. In addition, aggregate export pipline capacity increased, moving more

NGLs to the U.S. market. This supply shift was mitigated somewhat by increased natural gas drilling and production levels.

In spite of high prices, locally produced natural gas was available at lower prices in Alberta than natural gas in most other locations in North America. In addition, DRD promoted the Alberta Hub as a strategic cluster of facilities and services for energy production, marketing and value-added growth.

New expansions

With the completion of E3, the newest ethylene plant in Joffre in September 2000, the Alberta petrochemical industry completed its latest and largest round of expansions. E3 and associated derivatives plants represent over $3 billion Cdn of investment in Alberta. E3 is the largest plant of its kind in the world, with a capacity of 2.8 billion pounds per year of ethylene (approximately 85,000 barrels per day of ethane). Alberta is also home to the world's second largest ethylene plant at Fort Saskatchewan, with a capacity of 2.4 billion pounds per year.

Resource Access

The department worked with other government departments during the year on a number of cross-government initiatives to help ensure access to renewable and non-renewable resources.

Aboriginal Policy Framework

DRD helped develop Alberta's Aboriginal Policy Framework, which was approved in 2000 and guides the province's relations with Aboriginal people. The framework reflects a commitment to work with Aboriginal communities and industry to improve Aboriginal participation in the economy. It also recognizes the importance of developing consultation procedures with Aboriginal people about resource development and regulatory activities.

The department worked to apply the framework, which is structured around two goals, to its particular areas of responsibility. The first goal is to work toward improving individual and community well-being and self reliance of Aboriginal people in Alberta. It includes important commitments to help in creating a local pool of technical and managerial resources and to support economic development. The second goal is to clarify federal, provincial and Aboriginal roles and responsibilities. It involves commitments to consult on possible infringements of treaty and other constitutional rights, resource development initiatives, traditional use studies and land claims.

As a result of the Aboriginal Policy Framework, an interdepartmental team developed guidelines for completing and funding traditional-use studies which will assist in the development of consultation models. When completed, these studies may be incorporated into land-use planning and other resource management decisions made by government.

Natural Resource Initiative

The Natural Resource Initiative was initiated in 1999 to provide training opportunities for Aboriginal communities in energy and forest industries, as well as business opportunities. It was initiated at the request of the Indian Resource Council, which oversees oil and gas development on behalf of 117 First Nations in Western Canada.

During the year, DRD worked with First Nations, Alberta International and Intergovernmental Relations, Alberta Human Resources and Employment, and the Canadian Association of Petroleum Producers in the development of oil and gas training pilot projects for Treaty Areas 6, 7 and 8.

Training took place on the Frog Lake Reserve near Cold Lake for Treaty Area 6, on the Stoney Reserve west of Calgary for Treaty Area 7, and with the Dene Tha near High Level for Treaty 8. The programs are aimed at enhancing First Nations' access to the benefits of oil and gas development. An additional project geared to the forestry industry will be initiated in the coming year.

The department facilitated linkages between Aboriginal communities and energy and forest industries through workshop presentations. Local communities hosted the workshops and invited companies operating near their communities. The department worked with industry to identify jobs and facilitated the hiring of Aboriginal people.

Tenure

In Alberta, the Crown owns 81 per cent of the province's oil and natural gas resources. In exchange for granting companies the right to develop the Crown's resources, the Crown receives a share of the value from resource development. The Tenure Business Unit of DRD carries out the leasing and administration of petroleum and natural gas rights.

The Crown's share is received through:

- a competitive bonus bid system by way of a public offering (or sale) of Crown petroleum and natural gas rights through which revenues are paid before exploration is undertaken; and,
- a royalty system which provides a share of production to the Crown.

The remaining mineral rights in Alberta are called freehold. These rights are held by the Federal Government on behalf of First Nations and in national parks, and by freehold mineral owners. Freehold mineral owners hold the mineral rights in certain parts of the province and pay a mineral tax to the Crown for producing oil or gas. This tax is collected to ensure that owners of freehold mineral rights contribute to provincial infrastructure and regulatory costs. It also helps to equalize the costs of freehold and Crown development.

Tenure milestones

- During 2000-2001, the Tenure Business Unit greatly increased its activities in response to high commodity prices and record industry activity:
  - requests for petroleum and natural gas rights through public offerings increased 24 per cent to 11,856 in 2000, from 9,548 in 1999;
  - well licenses issued by the EUB and reviewed by Tenure reached 16,500, the highest number in over a decade;
  - of the 11,205 agreements that expired in 2000-2001, 50 per cent were continued; and,
  - agreements that changed owners through amalgamations, name changes or transfers increased by 10 per cent to 33,490.
- Unit activity produced increased resource revenues for the Crown:
  - revenue from the sale of over 8,800 petroleum and natural gas agreements topped $1 billion, an increase of 56 per cent over last year;
  - the Freehold Mineral Rights Tax brought in $256 million, an increase of 91 per cent over the 1999 tax levy; and,
  - offset compensation, collected on Crown agreements where a company elects not to drill a well to protect the Crown's resources, reached an historical high of $6.5 million for gas and $2.3 million for oil.
- The unit received a bronze Premier's Award of Excellence in 2000 for the results achieved by the Petroleum and Natural Gas Tenure Review. The review found opportunities for streamlining the department's land tenure process. It resulted in an amendment to the Mines and Minerals Act and reduced five regulations to three. New processes were developed that clarify business rules, reduce work for industry and ensure continuous improvement of business rules and processes.

Forest Industry Development

The wood products market

Alberta solid wood product companies were greatly impacted by declining lumber and panel prices in 2000-2001. Additional softwood lumber and Oriented Strand Board capacity and rapidly-dropping demand caused a severe decline in solid wood prices beginning in March 2000. By early 2001, softwood lumber and panel prices fell below cost levels, causing many producers on both sides of the border to curtail production and cut operating costs. Compared to solid wood products, pulp performed exceptionally well in 2000-2001. Pulp prices peaked in July 2000 and remained at moderately high levels for the balance of the year.

Forest Industry Development milestones

- The Alberta Economic Development Authority and its Forestry subcommittee endorsed the department's proposed framework, *A Strategic Vision and Direction for Alberta's Forest Sector.* The framework establishes directions for government and industry in working towards future growth in Alberta's forest industry over the next decade.
- In addition, work continued on five Forest Management Agreements and two Letters of Agreement were completed.
- The business unit was involved in negotiations concerning the Softwood Lumber Agreement and increased its consultation processes with industry on the topic.
- Work continued on the softwood stumpage review – its scope was broadened to include Oriented Strand Board (OSB) – and on an interim cost adjustment to the stumpage regime.
- The business unit also finalized the new Laminated Veneer Lumber (LVL) dues system for the province.
- The *Forest Products Secondary Manufacturers' Benchmark Study* was completed on schedule and under budget. The study establishes a baseline of information about secondary manufacturers and is designed to measure change within this industry segment. It will assist with the implementation of the *Strategic Vision and Direction for Alberta's Forest Sector.*
- The department continued to work with the Secondary Manufacturers' Advisory Committee to produce a major position paper on the needs of the secondary forest product industry.

Strengthening Industry's Competitiveness

Mineral Revenues Information System

The Mineral Revenues Information System release schedule has been updated to reflect gas business initiatives and to ensure that critical interconnections with other projects, such as the Volumetric and Infrastructure Petroleum Information Registry (VIPIR) project, can be identified and planned.

VIPIR project

The VIPIR project involves building a shared electronic registry or database to streamline reporting between petroleum industry partners and between industry and the Ministry. The registry will provide industry and the Ministry with a single source of secure, accessible and definitive information about petroleum volumetrics and infrastructure information. Volumetric information measures oil, gas and water volumes and heat content, while infrastructure information identifies oil and gas wells, units, facilities, clients and operators of record.

A joint industry-Ministry working team completed business area analysis for the VIPIR registry in June 2000. Alberta Infrastructure co-ordinated a Request for Proposals for a private-sector vendor to build the registry, and business systems design began in November 2000.

A readiness manager joined the VIPIR project in late November 2000 to lead a team that will help industry get ready for VIPIR implementation in 2002. The industry-funded readiness team will participate in the final design, quality assurance and testing of the registry. The team also has responsibility for advancing industry communications, training, monitoring industry readiness, change management and risk management.

With registry implementation, some 840,000 paper filings that industry submits to the Ministry each year will be collected electronically. Detailed plans are unfolding to ensure a smooth transition to the new system in 2002.

Achieving cost effective administration
In 2000-2001, the department continued to streamline administrative and reporting requirements to achieve cost-effective administration for industry and government. Over the past year, about 35 per cent more of DRD's daily and monthly processing tasks were handled electronically.

Improving information exchange
The department supports the Alberta government's One Window initiative by providing a single web access point that enables industry to exchange information electronically with the department in the following areas:

- gas royalties (including the monthly invoices);
- online land and mineral searches;
- debit remittance and monthly statements;
- operator statements for oil;
- crude oil financial accounts; and,
- land title searches on behalf of Alberta Government Services.

The department's Electronic Transfer System (ETS), which facilitates electronic access, can be accessed at **http://ets.energy.gov.ab.ca/elecdata/index.htm**

In addition, 816 clients or 99 per cent of oil and gas companies used the electronic funds transfer process when participating in public offerings of petroleum and natural gas rights. This allowed the department to withdraw payment for mineral rights electronically from companies' bank accounts.

Increased DRD website usage
Use of the department's website increased in 2000-2001 with "hits" totalling about 300,000, an increase of 175 per cent. DRD kept its leadership position in the protection of electronic information and maintained a secure network with minimal downtime over the past year from virus attacks.

Organizational Effectiveness

The department reorganized along commodity lines during the 2000-2001 fiscal year, in accordance with the plan approved by the Government Reorganization Secretariat. The department's commodity areas are conventional oil, oil sands development, natural gas, electricity, coal and mineral development, petrochemicals development and forestry, supported by Resource Land Access, Tenure, Aboriginal Relations, and Organizational Effectiveness.

The new organizational structure is leading to improved understanding of each commodity and enhanced working relationships with industry. It is also expected to increase accountability and improve decision making within each commodity area.

Organizational milestones

- ***Stakeholder and industry relations:*** DRD continued to work productively with industry through ongoing consultations, working and review groups, advisory committees and joint business design teams. These included the VIPIR Steering Committee, the VIPIR Advisory Group, the Oil Sands Royalty Tenure business design teams, and the Gas Royalty business design team. During the year, the department consulted with industry on over 25 business initiatives.

  DRD continued to make high levels of customer service a priority. The department's annual survey measured satisfaction of industry clients with the department. In November 2000, Environics West conducted 625 telephone surveys with department clients who had contact with the department in the last year.

  The survey focused on the following areas:

  - client satisfaction with the service provided by the department;
  - client awareness of who to call for answers to their questions and how to reach them; and,
  - overall client satisfaction with service provided.

  The survey also asked a series of questions about the quality of information provided on the department's website. The results showed an overall satisfaction rating of 76 per cent. The helpfulness and professionalism of staff was rated by industry at 79 per cent, which is considered high in relation to results from other surveys.

- ***World Petroleum Congress:*** The department was active on behalf of the Alberta government in organizing and supporting the World Petroleum Congress, held in Calgary in June 2000. The Congress showcased Alberta's resource development and the potential of the petroleum industry.

Operational Overview

Alberta Energy and Utilities Board

Core Businesses

The Alberta Energy and Utilities Board (EUB) core businesses are adjudication and regulation, applications, surveillance and enforcement, and information and knowledge. The key responsibilities are to:

- adjudicate and regulate matters relating to utility rates and the development and transportation of energy resources;
- ensure energy resource development is in the public interest;
- ensure public safety and environmental protection through regulatory requirements, surveillance and enforcement; and,
- ensure the availability of energy resource information to support responsible development.

Operations and Services

EUB Branch Summaries

Applications
This branch, made up of three groups, provides an integrated, streamlined approach to processing some 30,000 energy development applications each year. Staff handle project reviews, audits and approvals related to new or modified oil and gas facilities such as wells, pipelines, batteries and gas plants. The branch also looks after development and conservation projects for oil, gas, oil sands and coal. Economics staff provide market analysis and socio-economic evaluation for major applications, as well as general economic expertise.

Compliance and Operations
This branch ensures compliance and asset/liability management for operating energy developments, including the provision of technical support to Field Surveillance in responding to complaints, uncontrolled releases and other operational problems. The branch also co-ordinates the development and application of enforcement policy and practices, provides technical support to the EUB's application and adjudicative processes, and assists in developing operational business and technical requirements aimed at the protection of the public and the environment.

Corporate Support
This branch incorporates several groups, including Human Resources, which provides services and programs to ensure a competent and committed workforce is in place to achieve EUB goals and objectives. The other groups in this branch – Building Services, Communications, Document Services, the Library and Printing Services – develop strategic communication and consultation strategies, and deliver related media, website and document services to keep staff and stakeholders informed about EUB activities.

Field Surveillance
Operating out of eight centres, field staff inspect construction, operation and abandonment operations at oil, gas and oil sands facilities, respond to emergencies and public complaints on a 24-hour basis, facilitate resolution of landowner-industry conflicts, participate in public-industry liaison committees, and ensure a consistent approach to non-compliant operators. The branch also contributes at the field level to industry's understanding and knowledge of EUB requirements and regulations so that Albertans are confident oil and gas operations are conducted in a responsible manner that protects the public, environment, and the resources.

Finance
This branch provides revenue and expenditure management and administration of the industry funding levy. In addition, staff coordinate the preparation of the three-year business plan and performance reporting.

Information and Systems Services
This branch is responsible for EUB information systems, support and technological infrastructure with a focus on new ways to deliver electronic commerce. Another core area is the collection and dissemination of energy resource information, including oil and gas production, which is also used to determine provincial royalties, well records, regulatory publications, maps and various energy databases.

Law
This branch provides a wide range of legal advice and services to the organization with a focus on procedural fairness and objectivity. This encompasses application and regulatory policy, hearings, proceedings and related internal and external consultations, and the formulation of energy and utility regulations and legislation. The branch administers intervener funding and leads a key advisory committee that advises the Board on decisions and policy matters.

Resources
This branch is comprised of the Alberta Geological Survey (AGS) and the Resource Appraisal Group. The Resource Appraisal Group provides an independent assessment of oil, oil sands, gas and coal reserves in the province of Alberta. AGS provides geoscience research, information and expertise that support development of the province's mineral and energy resources. Both groups also provide technical expertise in support of the application and hearing processes.

Utilities
This branch is responsible for regulating investor-owned natural gas, electric and water utilities to ensure that customers receive safe and reliable service at just and reasonable rates. This regulatory role is currently in a state of evolution due to the ongoing deregulation of the natural gas and electric industries. Staff also respond to customer inquiries and complaints respecting utility matters. In addition, the branch ensures that electric facilities are built, operated and decommissioned in an efficient and environmentally responsible way.

Key factors influencing performance

- Oil and gas activity set a record pace in 2000-2001, building on high activity in 1999-2000, and surpassing the record set in that year. High demand for oil and natural gas pushed prices upwards and activity surged. As a result, there were 30,096 facilities licence applications, about 35 per cent more than the previous year.

- In response to landowner concerns about oil and gas development, the EUB initiated the review and implementation of the 87 recommendations from the Public Safety and Sour Gas Committee that were submitted to the Board in December 2000, established the public safety implementation team to ensure these recommendations are met, initiated an Appropriate Dispute Resolution program to facilitate industry-landowner negotiations, set forth new, more stringent public consultation guidelines for the oil and gas industry in Guide 56 and expanded its field staff to better enforce regulations and more rapidly respond to public concerns.

- To achieve its broader mandate better, the EUB issued numerous key decisions in 2000-2001, that were required to advance full electricity industry restructuring on January 1, 2001, and worked on key resource conservation issues, such as gas-over-bitumen.

- The Board expanded the Orphan Well Program to cover all facilities in late 2000, and initiated new asset transfer and corporate liability ratings systems. These systems will assist in insulating Albertans from the cost of abandoning and reclaiming orphaned facilities and lands.

Analysis of Key Activities

Adjudication and regulation

One of the EUB's primary roles is to adjudicate energy development and regulate utility rates in the public interest. This involves giving people who may be directly and adversely affected by proposed energy developments and rate changes an opportunity to be heard.

In 2000-2001 the EUB held 93 public hearings and nine pre-hearings. Of the 93 hearings, 74 were for utilities issues (of which 51 were written proceedings) and 19 were for energy matters. An analysis of the year's hearings shows that energy hearings were mainly about well licences, pipeline permits, large oil sands mining projects, the construction and modification of oil and gas facilities, and several intra-industry issues. The 93 utility proceedings considered industry matters such as rates, new or changed facilities and tariffs, legislated requirements related to deregulation of the electricity industry and complaints. Consumer groups normally represent the public at rate hearings.

Public issues raised at hearings included the location of proposed facilities, air, soil and water quality, noise, traffic, safety, land-use issues, urban encroachment, public consultation, cumulative effects and regional development, as well as human and animal health concerns.

In 2000-2001, the EUB published 99 decisions, of which 77 were utilities matters and the remaining 22 were energy issues.

All of the required utilities decisions were issued within legislative time lines set out for electricity deregulation. Transition to customer choice within the electric industry required complete unbundling of the various components of electric service. Generation and retail service was restructured as of January 1, 2001. However, given the fact that transmission and distribution of electricity are natural monopolies, the EUB is required by statute to approve tariffs for these components of the electricity industry for 2001. The EUB also approved a regulated rate option (RRO), available for a transition period, to allow residential, farm, irrigation and small commercial customers time to choose a competitive retailer as the market evolves.

Major hearings and decisions for 2000-2001

Regulated Rate Option (RRO) tariffs for ATCO Electric and EPCOR Energy Services (Alberta) Inc., within the service territory of UtiliCorp Canada Corp., were to be filed pursuant to section 2(1) of the RRO regulation. These rates were established for implementation on January 1, 2001.

April 10, 2000 – A decision was issued regarding Ranger Oil Ltd.'s application for an amendment to its primary oil sands recovery scheme in the Cold Lake area. The company applied for an expansion to the project and for reduced spacing. It anticipated spending $164 million on the project through 2004. The EUB approved the application, subject to a number of conditions that addressed the concerns of the interveners. These conditions addressed issues such as abandonment of wells, capturing casing vent gas flows, initiating air monitoring and implementing a regional groundwater testing program, among others.

May 17, 2000 – A hearing was held into an application by Petro-Canada Oil and Gas Ltd. to construct a 22,000 barrel-per-day steam-assisted gravity drainage scheme in the MacKay River area of the Athabasca oil sands deposit. On July 18, 2000, the EUB approved the $175-million project, subject to certain conditions such as monitoring surface water quality in the area as well as monitoring for ozone and volatile organic compounds.

November 7, 2000 – A hearing was held into an application by Shell Canada Ltd. to drill an exploratory level four critical sour gas well approximately 13 km southeast of Rocky Mountain House. On March 20, 2001, the EUB denied the application, stating that the company's emergency response plan did not adequately address the unique topographic

and demographic conditions in the vicinity of the proposed well, and therefore could not assure public safety in the area.

July 5, 2000 – The EUB approved TransAlta Utilities Corp.'s application to sell its electricity distribution business to UtiliCorp Canada Corp. for approximately $470 million. Concerns were expressed about the impact of the sale on future rates. The EUB placed conditions on its approval to ensure that customers would not incur any additional costs as a result of adjustments to the subsidiary's undepreciated capital cost or from the premium paid by the purchaser.

September 8, 2000 – A hearing was held to determine if UtiliCorp Networks Canada (Alberta) Ltd. could sell its electric retail assets to EPCOR Energy Services (Alberta) Inc. for $110 million, and appoint EPCOR as the provider of electricity at the Regulated Rate Option Tariff (RROT) to customers in UtiliCorp's service area. On November 24, 2000, the EUB approved the transaction, noting that although interveners were concerned about the impact of the sale on future rates and service, both UtiliCorp and EPCOR would continue to be regulated by the EUB.

September 12, 2000 – A joint review panel of the EUB and the Canadian Environmental Assessment Agency (CEAA) recommended for a second time that the Cheviot coal project receive approval from the Government of Canada. The Cheviot project is a surface coal mine proposed by Cardinal River Coals Ltd., located approximately 50 kilometres south of Hinton, Alberta. The first report, issued by the joint panel in 1997, was rejected by the Federal Court in April 1999 for non-compliance with the Canadian Environmental Assessment Act. The panel was reconvened and a second hearing was conducted in March/April 2000. Decision 2000-59 stated that most of the environmental effects of the Cheviot project, including cumulative effects, were insignificant. The panel also made a number of recommendations designed to ensure that any adverse effects that might occur be effectively mitigated.

February 14, 2001 – A hearing reviewed applications by ATCO Gas South and ATCO Gas North, divisions of ATCO Gas & Pipelines Ltd., to increase their winter season Gas Cost Recovery Rate (GCRR) in response to unanticipated increases in natural gas costs. The hearing was held in Edmonton on February 14 and 15, and in Calgary on February 16, to accommodate public interest in both cities. On February 28, 2001, the EUB approved the applications, establishing a split in rate classes. For residential, commercial and industrial customers that use less than 8,000 gigajoules (GJ) annually, the Board approved an annualized rate, which reduced the winter costs for natural gas by spreading these costs into the summer, when demand for gas by the vast majority of ATCO's customers is lower. This rate option was strongly supported by a number of advocates for both consumers and persons with limited or fixed incomes. For all other customers, the Board maintained the traditional winter/summer split in the GCRR. Most of ATCO's larger gas consumers preferred this option.

March 27, 2001 – The EUB accepted, in Decision Addendum 2000-20, a unique collaborative landowner and industry land-use and resource development agreement concerning certain sour gas well and pipeline operations and eventual urban development on lands southeast of current Calgary city limits. This collaborative approach was taken between Dynegy Canada Inc., Pinon Oil and Gas Ltd. and landowners to link accelerated sour gas production and subsequent abandonment and reclamation of sour gas facilities with potential future land development. The agreement allows the production of a valuable petroleum resource, and sets a definite timetable for landowners to move forward with their plans for the affected land parcels.

2000-2001 Statistical Data

Application Highlights

Facilities Applications

30,096 total applications

Resource Applications

Equity

5 common processor

33 compulsory pooling

747 spacing (oil, gas, and in-situ oil sands)

Conservation

88 gas removal

346 enhanced oil recovery

219 water disposal

196 concurrent production

21 underground storage

338 commingled reserves

Depletion Administration

172 good production practice

51 gas/oil ratio penalty relief

Mining

19 coal

2 mineable oil sands

Corporate Transactions

14,806 well license transfers

9,782 well name changes

2,967 pipeline transfers

150 facility transfers

128 corporate approval document transfer or changes

Environmental Review

296 sour gas flare permits

540 emergency response plans

1,752 sub-division and development referrals

Coal

19 registered applications for new or modified coal projects

Industrial Development Permits (petrochemical and refineries)

5 applications to amend existing permits

Utilities Applications

76 hydro and electric applications for transmission lines and substations, power plants, industrial system designations, electrification association and service area changes

65 gas utility rate applications

50 electric utility applications

54 special franchise agreements

36 other types of applications (regulatory exemption applications, rate riders, sales of assets, and milk price orders)

Surveillance and Enforcement Activity Highlights

For 2000-2001, the EUB:

- had 103 EUB field surveillance staff working out of eight field centres and two sub offices;
- responded to all public complaints (in 2000-2001 this comprised 924 complaints involving 1,049 issues, about 1.6 per cent more than in 1999-2000);
- inspected 996 drilling and servicing operations, 316 drilling waste and waste management facilities, 1,461 pipelines under construction, pipeline failure sites, contact damage and pipeline operation inspections, 752 spill investigations, and 4,754 gas and oil facilities (total 8,279 inspections);
- handled 1,475 accidental spills and releases;
- monitored Alberta's growing infrastructure of 293,799 kilometres of pipelines, 684 gas plants, and 6,279 gas batteries;
- held information on approximately 950 active oil and gas companies in the EUB database;
- performed 1,063 audits to ensure facilities application accuracy;
- established information checks, audits of records, reports and corporate transactions as tools of the EUB's monitoring programs;
- monitored 12 active coal mines and three oil sands mines and plants, and maintained a database on more than 1,800 abandoned coal mines; and,
- handled 1,475 telephone (226 per cent increase) and 89 written public complaints for utility matters.

Information Highlights

Information Services

- EUB Information Services (Calgary) served 69,000 customers and handled $1.9 million in information sales.
- EUB Information Services had an inventory of 200 guides, statistical reports, decisions and maps, and energy data related to some 52 subject areas including landowner packages, coal mine plans, well test information, industry applications and board orders. Information retrieval for customers has been enhanced by newly designed programs for electronic data dissemination. These include well test capture, mineable oil sands data, and petroleum/natural gas (mineral leases) information.
- The Information Sales office of the Alberta Geological Survey (Edmonton) sold 1,063 reports and maps with sales revenue of $29,226.
- Hits recorded at websites of the EUB/AGS increased to 465,000 user sessions and 11,270,305 successful page "hits" (a 221 per cent increase from 1999-2000).
- EUB's automated broadcast fax systems served 690 customers, a 23 per cent decrease from prior year totals.

Resource Appraisal

The EUB:

- released *Alberta's Reserves 2000 and Supply-Demand Outlook 2001-2010* (Statistical Series 2001-98) report on crude oil, crude bitumen, natural gas, ethane and other natural gas liquids, coal and sulphur. The EUB held reserves data for 28,658 gas pools, 9,400 oil pools and 15 oil sands deposits. The report showed remaining reserves of 1,211 billion cubic metres (43 trillion cubic feet) of natural gas, 291 million cubic metres (1,830 million barrels) of conventional oil, and 28 billion cubic metres (175 billion barrels) of crude bitumen. The EUB estimates that the 244 coal deposits listed in the report contain 34 billion tonnes of remaining recoverable coal.

- evaluated 6,366 wells with 13,732 zones. Data was used to support the application review process and update provincial reserves of in-situ volumes of natural gas, conventional oil and crude bitumen.

- housed a collection over 13.3 million samples of drill cuttings, 1,392 kilometres of core samples, 237,000 trays of drill cuttings, and more than 200,000 tour reports in the Core Research Centre in northwest Calgary. The centre received 21,231 new boxes of core and 349,773 drill cuttings samples to add to inventory in 2000-2001. A monthly average of 300 companies, consultants, institutions and foreign delegations used the core centre facility. In response to customer requests, the centre retrieved and delivered 248,490 core boxes and 13,398 sample trays in 2000-2001.

Operational Overview

Northern Alberta Development Council

Core Businesses

The mandate of the Northern Alberta Development Council (NADC) is to investigate, monitor, evaluate, plan and promote practical measures to foster and advance general development in northern Alberta.

The Council has nine public members and one elected member of the Legislative Assembly.

The NADC region

Northern Alberta has a diverse resource base and is a key contributor to the economy. One hundred per cent of Alberta's oil sands production is in the North and 90 per cent of its forests. Northern Alberta also accounts for almost 40 per cent of the province's current conventional oil and gas development activity and has about 20 per cent of its agricultural land.

Only about 250,000 people, or less than 10 per cent of Alberta's population, live in the North. Billions of dollars have been invested in northern Alberta, but geography and a lack of education and training often prevent the people who live there from benefiting from the opportunities presented by these investments.

Council Members

Council membership reflects the geographic, cultural and vocational diversity of northern communities. In 2000-2001 the Council was chaired by Fort McMurray MLA, Guy Boutilier. Private council members were:

- Art Avery, Fort McMurray
- Sandra Cardinal, Kikino
- Doris Courtoreille, Kinuso
- Berkley Ferguson, Athabasca
- Ernie Isley, Cold Lake
- Gerald McIvor, Whitecourt
- Pete Merlo, Grande Prairie
- Michael Procter, Peace River
- Al Toews, Fort Vermilion

NADC's Business Plan

The NADC's mission is to advance northern Alberta's tremendous potential for growth through regional initiatives, in partnership with the private sector and community-based organizations. In 2000-2001, the NADC focused on three goals:

- to receive input into priority northern development opportunities and issues;
- to promote opportunities and address barriers to the North's development; and,
- to increase northern skill levels.

Results Analysis

Department of Resource Development

REPORT OF THE AUDITOR GENERAL ON THE RESULTS OF APPLYING SPECIFIED AUDITING PROCEDURES TO PERFORMANCE MEASURES

To the Members of the Legislative Assembly:

I have performed the following procedures in connection with the Ministry of Resource Development's performance measures included in the *2000-2001 Annual Report of the Ministry of Resource Development* as presented on pages 37 to 59.

1. **Information obtained from an independent source, such as Statistics Canada, was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.**
2. **The calculations that converted source information into reported measures were tested.**
3. **The appropriateness of the description of each measure's methodology was assessed.**

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit, and therefore I express no opinion on the set of performance measures included in the *2000-2001 Annual Report of the Ministry of Resource Development*.

Peter Valentine FCA

Auditor General

Edmonton, Alberta

September 1, 2001

Discussion of Goals, Performance and Results

Goal 1

Secure Albertans' share from the development of their resources on a timely basis.

Performance Measures

Sharing the Profits from Resource Development – ***Target: Maintain range at 20 to 30 per cent.***

Alberta's resource development system is intended to balance two key objectives:

- to capture a fair share of the revenue from the development of resources, for the benefit of Albertans who own the resources; and,
- to encourage continued investment in and development of the resources by leaving enough revenue with producers to cover costs and a fair profit.

For the core resources of oil and natural gas, an indicator of this balance is the portion of industry's annual net operating revenue that is paid to the Crown as royalty. Net operating revenue in this calculation is net of income taxes and excludes interest charges.

Three-year moving average	1994	1995	1996	1997	1998	1999	2000 estimate
	23%	22%	23%	23%	22%	21%	21%

(Source: Developed from information in Energy Update published by ARC Financial Corp.)

During the 2000 calendar year, net industry revenues increased by 85 per cent, and associated net royalties increased by 95 per cent. As a result, the performance measure of net royalties/net revenues remained constant on an annual basis.

Revenue Assurance

Assessing and collecting all revenue due to the Crown from development of its resources is a primary responsibility of the department. To provide assurance that the revenue is complete, accurate and fairly valued, the department monitors several key indicators through revenue reporting and historical audits. These four indicators are:

- **Timely Invoices** – ***Target: 100 per cent of invoices are issued by the last day of the month.***

On or before the last day of the second month following a production month, the department will issue gas royalty invoices to clients.

Invoices issued by month-end	1998	1999	2000
	100%	100%	100%

(Source: Alberta Resource Development)

- **Late Filing** – ***Target: This indicator will be monitored to establish a target.***

Late filing penalties are charged when any of the eight specified forms published in the Late Filing Penalty Rules are not received by the prescribed due date. This indicator represents the proportion of documents penalized.

	1999	2000
Documents penalized (average)*	11.2%	16.3%

(Source: Alberta Resource Development)

** The methodology calculates the percentage of forms penalized against all annual forms subject to penalties.*

• **Provisional Assessments** - ***Target: This is a process that is being monitored to ensure consistency.***

To encourage accurate and timely volumetric reporting, provisional assessments are levied if filings are late or are not accurate. Assessment levels are an indication of the extent of gas royalty that is not reported accurately the first time by facility operators. This is a ratio of the dollars invoiced for provisional assessment versus the dollars of royalty invoiced.

	1997	1998	1999	2000
Provisional assessments	*May to December*			
	23.1%	16.4%	11%	9%

(Source: Alberta Resource Development)

• **Crude Oil Marketing** - ***Target: The Crown receives fair market value for its product.***

The Crown's royalty on conventional crude oil is taken as product and since June 1996 has been sold through marketing agents. Payment received from the sale of this oil is revenue to the Crown. Posted prices that refineries are willing to pay for crude oil are the accepted industry standard for fair market value. Comparing the posted prices to the equivalent price received by the Crown provides an indication of whether the Crown is receiving fair market value for its product.

Cdn $/m³	Light Sweet Crude	Light Sour Crude	Heavy Crude
Average 2000 Crown price (January to December)	$1.32 above Edmonton postings	$1.35 above Hardisty postings	$1.25 above Hardisty postings

(Source: Alberta Resource Development)

Cdn $/m³	1998	1999	2000
Yearly average Crown price	$.40 higher than postings	$.76 higher than postings	$1.31 higher than postings

(Source: Alberta Resource Development)

Goal 2

Establish a framework for competitive markets for the benefit of Albertans.

Restructuring of Alberta's Electricity Industry

In 1998 the Electric Utilities Amendment Act (EUAA) was passed as a key step in deregulation. The Act introduced further industry structure and regulatory reforms designed to increase efficiency in the electricity industry. These reforms will increase the competitiveness of wholesale electricity markets and retail markets in the Alberta electric industry.

Performance Measures

Power Pool Participation - ***Target: Increase participation to 52 by 2001.***

The growth in Power Pool participation is an indicator of success in implementing competition in Alberta's electricity market. There were 142 members in the Power Pool in 2001, a total that exceeds the target of 52.

	1999	2000	2001
Power Pool participants	45	51	142

(Source: Power Pool of Alberta)

Consumer Awareness - ***A target will be established.***

The level of consumer awareness about electricity restructuring will affect the ability of consumers to make informed choices about their electrical suppliers. To increase the level of awareness, the department distributed consumer information during the summer of 2000.

The department used the *Focus Alberta* survey conducted by Environics West in September-October 2000 for performance measurement purposes. The survey showed that 79 per cent of Albertans were aware of electricity restructuring. This is a significant improvement over the 51 per cent awareness determined in September 1999.

Focus Alberta surveys 1000 Albertans. Results are reliable to within ± 3.1 per cent, 19 times in 20.

Goal 3

Promote competitive market access for Alberta's energy and mineral industries.

Performance Measures

Natural Gas Pipeline Capacity - ***Target: Increase natural gas pipeline capacity.***

To evaluate market access, the department monitors instances when demand exceeds available pipeline capacity. In recent years there has not been enough pipeline capacity to transport natural gas out of the province to meet this demand. This limited producers' ability to sell resources.

Available capacity increased in late 1998 with expansion of the TransCanada Pipelines and the Foothills/Northern Border Pipeline. In addition, the Alliance project increased capacity to 12.91 bcf/d, when it came on stream in December 2000. This enhanced pipeline capacity will ensure that Alberta continues to be the provider of choice for processing and delivery of natural gas.

	1995	1996	1997	1998	1999	2000
Utilization rate	93%	95%	97%	98%	93%	92%
Capacity bcf/d	10.38	10.48	10.69	11.85	11.63	12.91

(Source: NOVA Gas Transmission Ltd/National Energy Board)

Includes the following major export points: Coleman, McNeill, Empress and Alliance.

Secondary Processing of Bitumen and Ethane - ***Target: Encourage steady growth by industry.***

The volume of primary resources that undergo secondary processing in Alberta is an indicator of growth in Alberta's processing capability. Plant expansions and new projects are expected to increase synthetic crude oil production and ethane demand.

- **Bitumen upgrading in Alberta** - the percentage of bitumen production upgraded to synthetic crude oil.

Average production [thousand barrels/day]	1995	1996	1997	1998	1999	2000
Synthetic crude oil	278.1	279.5	285.5	305.1	320.0	316.9
Total bitumen	483.6	499.8	588.2	654.1	669.3	661.3
Synthetic crude as a percentage of bitumen production	58%	56%	49%	47%	48%	48%

(Source: Alberta Energy and Utilities Board)

The amount of bitumen upgraded to synthetic crude oil decreased slightly to almost 317,000 barrels per day in 2000 compared to almost 320,000 barrels per day in 1999. The decline was primarily due to operational problems at an oil sands plant that reduced production from projected levels.

- **Ethane upgrading in Alberta**
  - volumes consumed in Alberta petrochemical manufacturing, and,
  - the percentage that Alberta petrochemical demand represents of total ethane estimated to be available in Alberta's natural gas production.

The Alberta government strives to ensure that adequate supplies of ethane are available in the marketplace.

Average Demand Thousand Barrels/day	1995	1996	1997	1998	1999	2000
Alberta ethane demand	131.2	138.3	140.5	134.2	155.1	189.0
Demand as a percentage of available ethane	30%	30%	30%	29%	32%	39%

(Source: Alberta Energy and Utilities Board and Marenco Energy Associates)

Completion of new projects at Joffre and Fort Saskatchewan have almost doubled industry capacity to upgrade ethane.

Goal 4

Strengthen the competitiveness of the energy and mineral sectors.

Performance Measure

An indicator of the competitiveness of Alberta's energy sector is industry's cost to comply with the administrative and regulatory requirements associated with non-renewable resource exploration and development.

Cost of Compliance - *Target: Maintain Alberta's competitive advantage.*

The competitiveness of Alberta's energy sector is affected by the administrative and regulatory costs of complying with government requirements for non-renewable resource exploration and development.

During the year the department and industry worked together to develop a method for measuring the average total cost of Crown oil sands reporting for both industry and the department. Based on the results of this work, the estimated average monthly costs for industry and the department are:

2000 Calendar Year Average Cost of Oil Sands Royalty Administration

	to Industry	to Department
Monthly average cost per project - (dollars)	$4,620	$712
Monthly average cost per barrel (total Crown sales volume)	$0.0059	$0.0018
Monthly average cost per $1000 of royalty	$1.26	$0.45

- The cost of oil sands reporting performance measure includes labour costs for oil sands reporting. It excludes reporting requirements to the Alberta Energy and Utilities Board, joint venture reporting, gas royalty reporting, pipeline systems reporting and Alberta Royalty Tax Credit reporting.
- The estimation of costs was compiled through survey results, applying the average time spent reporting to the base salaries reported by the Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA), Certified Management Accountants of Alberta (CMAA) and Canadian Association of Petroleum Landmen (CAPL).
- One hundred per cent of all the projects paying royalty under the Oil Sands Royalty Regulation (1997) or under individual Crown Agreements were surveyed. Nineteen out of 45 projects responded to the survey. This represents 42 per cent of reporting projects and 83 per cent of sales volume.

Goal 5

Sustain growth opportunities in the forest sector through maximization of the wood fibre opportunity, secondary processing and export of forest products.

Performance Measure

Forest Industry Development - ***Target: Increase the timber cut and reduce the gap between the harvest and the Annual Allowable Cut (AAC) cap.***

This measure has been adapted from a Ministry of Environment performance measure and will be evaluated as a gauge for forest industry development.

This measure compares the actual annual timber harvest with the approved AAC, which is the amount of timber that can be harvested on a sustainable basis within a defined planning area. The AAC, which is set by the province, identifies the opportunity for industry to develop the resource.

Million m^3	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000
AAC	22.1	22.1	23.0	23.4	23.8	23.8
Harvest *	15.1	16.6	17.7	18.9	15.1	17.4
Gap	07.0	05.5	05.3	04.3	08.7	06.4

(Source: Alberta Environment)

** Does not include fire-killed and salvaged Crown timber.*

Goal 6

Manage the department in an effective, affordable manner and provide an attractive work environment for employees.

Performance Measure

Client Satisfaction - ***Target: Achieve 80 per cent level of satisfaction by 2003.***

Reliability, responsiveness and consistency of key services are an important consideration to industry when formulating their development and capital investment plans. The department monitors client satisfaction to ensure services keep pace with changing requirements in the energy and mineral sectors. The department has adopted the Government of Alberta's service excellence framework, focusing on courteous, competent and timely service to clients. Feedback from clients is used to improve service.

	1998	1999	2000
Average satisfaction	75% (Reliable to within +/- 4.5% at a 95% confidence interval)	79% (Reliable to within +/- 4.1% at a 95% confidence interval)	76% (Reliable to within +/- 3.8% at a 95% confidence interval)

(Source: Environics West surveys)

Results Analysis

Alberta Energy and Utilities Board

Discussion of Goals, Performance and Results

Goal 7

Provide fair, objective and efficient approval, adjudication and regulation of the province's energy development, utility services and rates.

The transition to retail customer choice for the electric industry required unbundling of the various components of electric service. Generation and competitive retail service were restructured as of January 1, 2001. However, given that transmission and distribution of electricity are natural monopolies, the EUB was required by statute to approve tariffs for these components of the electric industry for 2001.

The EUB was also required to approve a regulated rate option to be offered for a transition period, to allow residential, farm, irrigation and small commercial customers time to decide which retailer they will choose. Regulated Rate Option tariffs for ATCO Electric and EPCOR Energy Services (Alberta) Inc. (within the service territory of UtiliCorp) were filed pursuant to section 2(1) of the Regulated Rate Option regulation. While there was no specified deadline for approval in the regulation, practical considerations required that rates be ready for implementation on January 1, 2001.

The EUB also introduced its Appropriate Dispute Resolution (ADR) initiative in 2000-2001 following a consultative process with stakeholders. On January 8, 2001, Informational Letter 2001-1 spelled out dispute resolution guidelines covering:

- when ADR should be considered;
- role of EUB staff;
- use of third parties;
- details on the preliminary ADR meeting;
- mediation and associated matters such as confidentiality, timing, partial agreements and use of technical information.

ADR orientation sessions were held with the mediators in December 2000, and other sessions have been held with EUB staff, members of the public and industry. The EUB also initiated training for staff on interest-based facilitation.

ADR came about through a consultative process that incorporated significant stakeholder input. A newly designed EUB website at **www.eub.gov.ab.ca** incorporates the Informational Letter, a question and answer section, the roster of mediators and service providers, various media releases and background documents.

Performance Measure

Restructuring of Alberta's Electricity Industry
The EUB delivered the decisions which were necessary to enable the restructuring of Alberta's electricity industry. These included tariff decisions for transmission facility owners, transmission administrators and distribution. The performance target was to meet the legislated timeframes for each decision, and all were achieved.

Timeliness of Hearing Decisions
The EUB is responsible for deciding on matters related to the development and transportation of energy resources and utility rates. A more efficient hearing process that substantially reduces delays in decisions will result in benefits to all stakeholders. This indicator measures the EUB's ability to improve application and hearing process timelines while continuing to provide a fair and responsible regulatory environment.

In 2000-2001, 94 per cent of EUB energy and utilities decisions were issued less than 90 days from the end of the hearing, exceeding the target of 90 per cent.

Goal 8

Conduct surveillance and enforcement programs that ensure public safety, resource conservation, environmental protection and quality utility service.

The EUB increased its field staff by 12 and launched a number of initiatives related to corporate compliance and enforcement issues. The expanded field surveillance program, involving more field staff and better programs, was a critical element in improving public confidence in the EUB.

These initiatives included a compliance review plan, financial security for oilfield waste management facilities, a high-level enforcement process and a procedural review of enforcement of Board-ordered abandonments.

In the fall of 2000, the Canadian Association of Petroleum Producers (CAPP) requested a review of the EUB enforcement process as set out in *Informational Letter 99-4*. The main concerns focused on the overproduction enforcement ladder, which relates to guidelines for producing oil and gas to maximize conservation of the resource. The Resource Applications Group, with support of Corporate Compliance, consulted with industry, identified legitimate concerns, and proposed amendments to address the concerns. The EUB subsequently issued *IL 99-2 Amendment Revisions to Enforcement Ladder for Retirement of Overproduction.*

Corporate Compliance also made a proposal to review IL 99-4 more rigorously with broader stakeholder participation. The objective is to address the overall philosophy and process as it is currently set out in IL 99-4, while considering other stakeholder concerns such as EUB surveillance processes and information, public availability of enforcement-related information and the timing and severity of enforcement actions. The latter two matters were identified in the public safety and sour gas review.

Financial security for oilfield waste management facilities is a requirement under the provisions of *Interim Directive 96-3* and *Guide 58: Oilfield Waste Management Requirements for the Upstream Petroleum Industry.* Operations group staff received feedback on models presented to stakeholders in December 2000.

The passage of Bill 13 in 2000-2001 strengthened the EUB's high-level enforcement process in two ways. It was granted access to the garnishee process and the power to name accountable persons. These additional tools allow access to other revenue streams of licensees where the EUB spent funds to ensure compliance, and provide the ability to exclude non-compliant companies or individuals from regulatory access to the EUB. Previously, a non-compliant company or individual could be put on refer status, which meant that all applications filed would be considered non-routine. Non-routine applications are given greater scrutiny and require more upfront work by the applicant. In addition, a need to review and update the processes used respecting receivership files was identified. The development and documentation of business rules for these three high-level enforcement processes began in the third quarter of 2000-2001.

A procedural review of enforcement of Board-ordered abandonments was undertaken. The Operations Group brought in an independent procurement and cost control expert to assist in establishing an administrative system that provides the necessary checks and balances throughout the enforcement process for abandoning wells and facilities.

Performance Measure

Application Turnaround Time

The average turnaround time, measured in terms of elapsed time from receipt of application to advising applicant of decision for routine facility applications, decreased to 3.2 calendar days in 2000-2001 from 4.2 days in 1999-2000, despite an increase in the number of applications submitted. The EUB met its target for this measure, set at 3-3.5 days average per routine application.

Facilitation of industry-landowner conflicts

The EUB is dedicated to improving landowner-industry relations in a number of ways, including the expansion of its field staff's facilitative role. One objective is to help industry move towards satisfactory resolution of operational compliance complaints received by Field Surveillance staff about existing facilities. The EUB surveyed 465 of 794 complainants to inquire if they were satisfied that the incident was resolved to their satisfaction. The survey found that 65.6 per cent of respondents were satisfied, but this was less than the 80 per cent targeted.

The second objective was to establish a target to increase the percentage of objections resolved relating to new facilities and non-routine resource development applications prior to hearing. A target of 85 per cent has been established for 2001-2002, set after evaluation during 2000-2001.

Percentage of Solution Gas Conserved

The amount of solution gas conserved in 2000-2001 was 93.1 per cent, above the EUB target of 90 per cent, but down slightly from 94.1 per cent achieved in 1999-2000. The level of solution gas conserved indicates industry's commitment to putting capital into solution gas conservation projects. EUB field staff and the Calgary operations group continue to monitor batteries that flare significant volumes of solution gas. The information is gathered on a monthly basis by the EUB.

Goal 9

Ensure availability of access to information and knowledge that supports the safe, effective and sustainable development of energy and mineral resources.

The EUB launched a redesigned and more user-friendly website, designed to answer the needs of both industry and the public better. Since access to information is a key issue for all EUB stakeholders the old EUB website was redesigned in 2000-2001, and a replacement was launched on March 31, 2001. The new design clearly identifies the information available, and users from the public, industry, and the media can find what they are seeking more easily.

Another critical aspect of information management is the EUB's ability to accept data readily, particularly from industry. Following EUB's corporate information technology plan, the Board Order System (BOS) went into full production February 1, 2001, and Informational Letter 2001-02 was released to announce the implementation. Miscellaneous Order No. 01001 was issued concurrently to rescind all previous field and pool orders, and replace them with the new orders. In the first month of operation BOS met or exceeded the target goals set for the project. In two weeks staff were able to create, revise or rescind as many orders using BOS as were done all last year with the previous method. The backlog of orders required for year end was eliminated in one month.

Through the fourth quarter, the website has had over 100,000 hits with more than 950 unique users. Users not able to access the Internet can still request paper copies through EUB Information Services or purchase the information on CD or in ASCII text. The project was completed on schedule, by the end of March 2001.

Performance Measure

IT Strategy

A process has been initiated to implement a data warehouse that allows EUB staff, to access basic well, geological and other data more easily. In 2000-2001, the EUB migrated 70 per cent of business data elements (fields) to the data warehouse, well above the target of 30 per cent.

Goal 10

Operate in an efficient, cost-effective manner, ensuring that required staff expertise is in place.

A compensation strategy and staff renewal program were implemented in the third quarter of 2000-2001. Designed to ultimately bring EUB staff to 90 per cent of average industry compensation, the strategy was implemented in line with the business plan. Base pay increases were implemented in September 2000, retroactive to April 1, 2000. The variable pay program was implemented in October 2000, and performance-based awards were made to 436 staff by the end of March 2001.

Staff renewal includes new graduate program rotations and recruitment, establishing a leadership development program, and the *Knowing Our Business* series, which began in October 2000. A new leadership development process is now complete. Two new graduates started in the fourth quarter, six are scheduled for the first quarter of 2001-2002, and two will start in the second quarter of 2001-2002.

By focusing on staff development, enhancing the work environment and keeping staff better informed and more involved in Board activities, the EUB hopes to enhance its positive and rewarding work environment.

Performance Measure

Staff Expertise Renewal

Without appropriate staff expertise in place, fulfillment of EUB core business commitments will be hampered. In 2000-2001, the EUB beat its target of 500 person years or less of regrettable turnover with 166.5 person years. Regrettable turnover is defined as departure of staff that the organization would prefer to retain.

Results Analysis

Northern Alberta Development Council

Discussion of Goals, Performance and Results

Goal 11

To receive input into priority northern development opportunities and issues.

The Northern Alberta Development Council (NADC) consults with northerners and conducts initial investigation of issues and opportunities with northern stakeholders and government departments.

NADC members and staff consult with stakeholders all over the North through a formal consultation framework, community visits and regional tours.

Leaders' roundtables
The NADC held four Leaders' Roundtable meetings during the past year in Valleyview, Fairview, Cold Lake and Lac La Biche. The meetings provided an excellent forum for consulting with key northern Alberta leaders to identify opportunities and address barriers to development, such as transportation costs and distance.

Community tours
Throughout the year, the NADC members and staff visited communities in the Grande Prairie, Bonnyville-Cold Lake-St. Paul and Wood Buffalo areas. The meetings were organized to consult with private and public organizations which have an interest in northern development.

The NADC's Calgary business reception
In November 2000, the NADC Chair, Guy Boutilier, and members hosted a business reception in Calgary to raise the profile of northern development and the Council among key southern Alberta business and government leaders. Premier Ralph Klein attended and spoke at the business reception.

Performance Measure

Effective Community Consultation
The NADC held Leaders' Roundtables with community, business and government leaders in Valleyview, Fairview, Cold Lake and Lac La Biche. They also hosted four workshops that focused on specific issues in northern Alberta, two on airports and aviation in Cold Lake and Peace River, and two on electric power development in Athabasca and Peace River. At the conclusion of each meeting, participants were asked whether the NADC's consultation process was an effective way of providing input. A total of 232 participants were asked to submit evaluations and 165 were received.

At the Lac La Biche and Cold Lake meetings, participants were asked to respond to the question using a 10-point scale. The average response was 8 out of 10. At all other meetings, participants responded with either a "yes," "no," or "moderate" response. Of those who completed the survey, 96 per cent responded yes. The performance target was 90 per cent.

Goal 12

To promote opportunities and address barriers to northern development.

The NADC works with other jurisdictions, as well as within the region, to address barriers to economic growth. It carries out research and initiates strategies to promote emerging development opportunities.

Interjurisdictional initiatives

The first meeting of the co-chairs for the Alberta-Northwest Territories Memorandum of Understanding for Cooperation and Development was held in September 2000 in Edmonton. The meeting provided an opportunity for the respective jurisdictions to discuss subjects of mutual interest. In cooperation with the Government of the Northwest Territories, the NADC is preparing an action plan aimed at the implementation of the Memorandum of Understanding.

The NADC continued to act as an advisor to the Board of Directors for the Northwest Corridor Development Corporation, a non-profit organization comprised of shippers, carriers, facility operators, labour and government. During the year, the Council reviewed the corporation's capability report, planned the annual conference and general meeting of the corporation (held in Alberta for the first time) contributed to the review of various proposals and provided assistance with the preparation of a business plan for the corporation.

The NADC is a member of a working group developing terms of reference for a proposed Northern Development Ministers' Council which will provide a forum for the discussion of northern issues by the northern development ministers from provincial and territorial jurisdictions across Canada. The NADC acts as the Government of Alberta's Secretariat for the Council.

Transportation and infrastructure

The NADC has been active in addressing transportation issues and opportunities of significance to northern Alberta. Rail and highway infrastructure is important, as the bulk of the region's commodities are exported. The NADC has focused on gathering and sharing information about production, profiling northern concerns and opportunities, and building relationships. Partners have included municipalities, large industry, agricultural producers and departments from Alberta, British Columbia and Northwest Territories.

The NADC is working with the Northwest Corridor Development Corporation to develop a long-term strategic plan to improve the handling and transportation of commodities, remove unnecessary regulation and other impediments, deal with transportation implications of increasing value-added production and improve transportation education, training and information.

A study commissioned by the NADC reviewed trends in aviation and airports in northern Alberta and recommended steps to ensure the continued viability of this important aspect of the economic and social fabric of northern communities. It is anticipated that aviation and airport issues will continue to be a northern priority.

The NADC is assisting northern industry and municipalities to increase the profile and importance of several key northern highways. This includes upgrading of existing roads, as well as construction of new roads, particularly highways that support the Northwestern Canadian Integrated Road Network concept approved by western ministers responsible for northern development.

The NADC is very concerned about the fragmentation of ownership of northern railway lines, railway line abandonment and competition issues. It is participating in an interdepartmental committee that has prepared an Alberta position paper regarding the Canadian Transportation Act, which is under review. The NADC is working with northern municipalities to address these issues.

Northern Alberta recycling initiative

The NADC continued to work with private and public interests to advance recycling opportunities in northern Alberta, especially those that will advance northern economic development. It works with an organization known as the Northern Co-ordinated Action For Recycling Enterprises. During the past year, the NADC assisted the group in planning the first Northern Alberta Recycling Workshop, providing management of various initiatives and by acting as liaison with the provincial government.

Aboriginal employment and contract opportunities seminars
Two opportunity seminars were held during the past year, one in Slave Lake and the other in Bonnyville. Each one-day seminar brought together representatives from industry, government and community organizations to describe opportunities in the Lesser Slave Lake and Bonnyville regions. The seminars were primarily for the Native and Metis population in the region, but everyone was welcome. Speakers working in the agriculture, forestry, oil and gas and tourism sectors provided delegates with an overview of their industries and identified new or unrealized opportunities in their fields. Government organizations presented information on programs and services they offer in the region.

Western Economic Partnership Agreement (WEPA)
The NADC completed two projects funded through the Western Economic Partnership Agreement between Alberta and the federal department of Western Economic Diversification. Funding was provided to Alberta North, a partnership of six northern post-secondary institutions, to assist it in expanding from 24 to 40 off-main-campus sites. Funding was used to purchase equipment and resources to support distance education. These sites are electronically connected to the northern post-secondary institutions and to each other, enabling students to access courses and library services from their communities.

The other project involved research into bison management and meat processing. Funds facilitated a partnership between producers, and federal and provincial departments to develop a bison research facility at the federal agricultural research site in Fort Vermilion.

Tourism industry development
The NADC continued to provide support to the northern tourism industry through ex-officio board participation with the Alberta North tourism destination region. It serves in an advisory role with Alberta North and uses that organization's close relationships with northern tourism operators and organizations to guide its own participation in northern tourism development. The NADC continues to support and work to improve northern and rural tourism development initiatives.

The NADC's follow-up work, such as research and coordination of events, is focused in the priority areas of product development, industry training and encouraging coordinated support for service delivery to the northern tourism industry. In 2000-2001, NADC members attended educational tourism events and worked to plan regional northern educational workshops to be carried out in the fall of 2001.

Assessment, promotion and awareness of value-added agriculture opportunities in the Peace region.

The NADC continued to work with its many partners in the Peace Agriculture Value-Added Strategy working group on a long-term developmental initiative. This project focused on an awareness and promotion strategy related to value-added agriculture (processing and diversification) in the Alberta and British Columbia Peace region.

The project will raise awareness of the Peace region's comparative advantages, and the benefits and opportunities available to the region through a value-added approach by regional entrepreneurs, investors and communities. Goals include developing a stronger agriculture industry in the region, providing direction to commodity-based organizations and entrepreneurs developing value-added opportunities, and improving the sustainability of rural communities. It is a crucial first step in the long-term process of building a mature, self-sustaining, value-added agriculture industry.

This year, the Peace Value-Added Strategy group and its project partners commissioned a needs assessment study entitled Needs Assessment of Peace Country Agriculture Value-Added Entrepreneurs. The group secured $60,000 from the Canadian Agricultural Rural Communities Initiatives Fund in November 2000 to fund the analysis. This project, to be completed in the summer of 2001, will provide insight into the competitive advantages of the Peace River region in developing value-added agricultural opportunities.

Intensive Livestock Operation Attraction Study
The NADC is interested in the development of intensive livestock industries as a way to enhance and/or add value to northern Alberta's agricultural sector and advance the northern economy. With the recent challenges facing the industry in central and southern Alberta, investors may be looking to northern Alberta for development opportunities of this kind. In response, the NADC has funded a study to:

- identify potential and viable opportunities for intensive livestock operations in northern Alberta and possible investors;
- identify potential barriers to local decision making, obstacles in land use planning and issues relating to public acceptance of intensive livestock operations in northern Alberta; and,
- determine a strategy that can be implemented to attract investment in the development of intensive livestock operations in northern Alberta.

A final report will be completed by June 2001.

Enhancing water access in northern Alberta
With assistance from a consultant, the NADC looked at the economic impacts, particularly on northern tourism, of developing marinas, boat launches and wharfs. The research provided a basis for proposals to enhance water access facilities in northern Alberta. A draft study has been prepared and is currently under review by NADC members and staff.

Non-energy mineral study and seminar
Non-energy mineral exploration has increased over the past two years, especially in the North, but investment in these resources is well below its potential. There are a number of opportunities and challenges that will come with increased mineral exploration and development. The NADC, in partnership with the federal department of Western Economic Diversification and DRD, commissioned a review of the impacts of, and the potential for, northern participation in the exploration and development of future non-energy mines in northern Alberta.

Key issues and/or concerns raised by northern communities include lack of information about opportunities, a desire to maximize northern benefits, and the need to identify and address barriers to development, clarify manpower requirements and qualifications for employment, and take advantage of education and training opportunities. The report recommends the formation of a mineral and land-use initiative for northern Alberta, training initiatives, prospecting assistance grants, mineral exploration incentive programs, mineral potential maps for northern Alberta, enhanced communication with northern communities, mineral-related education in the public school system, and web-based community and subcontractor information.

Education and training opportunities are vital to the growth and awareness of the industry and therefore a review was conducted to investigate the education and training opportunities and barriers within the industry and how northern communities, particularly Aboriginal communities, might increase participation in the development of this sector.

These reports were presented at a seminar attended by 55 participants representing the non-energy mineral industry, government, communities and post-secondary institutions. Participants discussed the consultant's findings and recommended that the Alberta government facilitate regional information sessions to bring together different stakeholders to discuss non-energy mineral issues, that post-secondary institutions place greater emphasis on developing training programs to address the gaps related to non-energy mineral development and that more research be directed toward this emerging sector.

Electric power workshops in northern Alberta
In response to concerns about the future of the electricity industry, the NADC held two information workshops in northern Alberta. The DRD collaborated with the NADC to present workshops on electricity supply, price, markets, new opportunities and customer choice options.

The workshops provided information about restructuring of the electricity industry, raised awareness of opportunities of interest to business and communities, and shared information about unique power supply projects.

More than one hundred representatives from Chambers of Commerce, Boards of Trade, business, local government, the resource industries, including oil, gas and forestry firms, and public institutions attended events at Athabasca and Peace River to learn about the new electric power marketplace.

Northern Alberta Human Resources Management Conference
A diverse group of employers from the Peace region came together to host a conference on human resource issues specific to northern Alberta. The NADC assisted in planning and hosting this conference, and Alberta Human Resources and Employment was a major sponsor. The conference was attended by close to 150 northern employers and human resource managers from across northern Alberta and offered participants from different economic sectors the opportunity to meet, learn about topics of interest to them and identify issues and develop solutions.

Professional workforce scan
As part of its bursary selection process, the NADC gathers information from a sampling of northern employers across all economic sectors. For the 2001 scan, 112 employers were contacted. The workforce scan helps to identify occupations that are in high demand or hard to recruit for in northern Alberta.

Performance Measure

Promoting Northern Development

The NADC undertakes projects and initiatives aimed at promoting northern development opportunities. It also addresses barriers that may hinder northern development.

Results: A random telephone survey of 113 of 152 identified project partners was conducted by an independent consultant. Of those respondents who expressed an opinion, 99 per cent indicated they believed that the NADC's project work promoted an opportunity or addressed a barrier to northern development. The performance target was 90 per cent. Results are reliable to within +/-5 per cent at a 95 per cent confidence interval.

Performance Measure	1998/1999 Actual	1999/2000 Actual	2000/2001 Target	2000/2001 Actual
Percentage of project partners who believe the NADC's project work promoted an opportunity or addressed a barrier to northern development	89%	91%	90%	99%

Goal 13

Increase northern skill levels.

The NADC works to increase students' financial capacity to access employment-related post-secondary training and increase the availability of training programs that meet northern employment needs.

Northern LINKS
Northern LINKS is a program intended to ease the transition for northern Alberta students completing high school and attending a post-secondary institution. It is geared to post-secondary institutions, schools and school jurisdictions, community, regional and other organizations, and industry and business. Some examples of potential projects are mentorship, orientation, campus tours and peer support. The target groups for the projects are primarily grade 12 students, and first- and second-year post-secondary students from the NADC region. Northern LINKS provides funding for a variety of projects from $500 to $50,000. In the 2000-2001 fiscal year, 40 projects were funded totalling over $430,000. The students involved in Northern LINKS projects are requested to send in evaluations. A summary of the survey results is presented on pages 58 and 59.

Northern Alberta access to a social work degree program
A group of northern employers, community representatives and post-secondary institutions came together as the Northern BSW (Bachelor of Social Work) Council of Stakeholders to resolve a longstanding shortage of qualified social workers in northern communities. In collaboration with stakeholders from southern Alberta, the Northern BSW Council of Stakeholders successfully worked towards offering a University of Calgary social work degree program with content tailored to northern rural and Aboriginal communities. The Access BSW is now offered in seven Alberta communities, including four in the North, and has nearly doubled the provincial enrolments in baccalaureate social work education. The NADC provided organizational support to the stakeholders' council.

Northern Student Supplement
The Northern Student Supplement, a joint initiative between the NADC and Alberta Learning, is a bursary for first- and second-year northern post-secondary students in financial need. It supplements the province-wide Alberta Opportunities Bursary. This was the third year that the supplement was available. Six hundred and sixty three students received the award, for a total of $765,500.

Northern Alberta Development Council Bursary
The NADC bursary is a $3,000 return service bursary ($1,500 for a half year of study). In 2000-2001, 117 Alberta students were awarded the bursary. This year greater emphasis was placed on health and education fields. Bursaries were given to students in the various occupational categories.

Occupational categories	Number of bursaries
Health Care/Nursing	31
Education	29
Engineering/Technical	16
Social Services	14
Natural Sciences/Environment	12
Business/Administration/Law	11
Humanities/Applied Arts	4
Total	117

Bursary Partnerships Program
Through Bursary Partnerships, the NADC co-sponsors bursaries for post-secondary students in partnership with industry, small businesses and community organizations. Thirty-eight sponsors contributed over $135,000 and sponsored 132 bursaries. The total value of the bursaries is close to $275,000.

Type of sponsor	Number of bursaries
Business/industry	51
Community/other organization	75
School divisions/colleges	6
Total	132

The Northern Labour Market Information Clearinghouse
The Northern Labour Market Information Clearinghouse project is a joint initiative between the NADC and five northern Alberta colleges: Fairview College, Grande Prairie Regional College, Keyano College, Lakeland College and Northern Lakes College. The clearinghouse was initiated in 1995 to provide the colleges with labour force, economic and demographic information to help identify new training programs, or to modify or cancel existing ones. Research carried out by the clearinghouse covers various areas of industry, specific occupations, training opportunities, demographic trends and community needs. The project also serves as a forum for further communication and cooperation between the partner institutions.

In 2000-2001, clearinghouse activities involved the research for 11 reports that covered a wide range of labour force and training issues, as well as the coordination of a meeting between the clearinghouse partners and representatives from the pulp and paper industry and oil sands development.

Apprenticeship Pilot Project
As a way to enhance northern skill development, the NADC members have been working on a pilot project that, if implemented, will create an awareness of apprenticeship training opportunities among students in lower grades, and so provide opportunities for youth to obtain necessary apprenticeship accreditation at an earlier age. The intent is to address the shortage of skilled trades persons in northern Alberta.

Performance Measure

Enhance Skill Development for Students in Northern Alberta

The NADC coordinates a number of programs and projects aimed at encouraging skill development for students in northern Alberta. Programs enhance students' financial capacity for post-secondary education, encourage return service to northern Alberta and provide funding for northern education options.

Results: Monitoring return service among bursary recipients is an ongoing activity. Annual return service rates are based on recipients who graduated in the previous three years. The current rate of NADC bursary recipients who have fulfilled or are in the process of fulfilling return service obligations is 77.61 per cent. The target was 75 per cent.

NADC Bursary Return Service Rate

Reporting Year	Return of Service Target	Return of Service Rate	Years Used in Calculation
1995/1996	no formal target	71%	93, 94, 95
1996/1997	72%	72%	94, 95, 96
1997/1998	74%	77%	95, 96, 97
1998/1999	75%	76%	96, 97, 98
1999/2000	75%	74%	97, 98, 99
2000/2001	75%	78%	98, 99, 00

(Source: NADC bursaries database)

The target for the Bursary Partnership Program (BPP) was to confirm $125,000 in matching funding from partners. The actual amount committed was $135,700.

Reporting Year	Partner Contribution Target	Number of Bursaries	Partner Contribution Received	BPP Portion
1995/1996	no formal target	80	$93,000	$73,600
1996/1997	$110,000	83	$105,200	$86,805
1997/1998	$130,000	113	$122,050	$100,050
1998/1999	$150,000	116	$122,636	$106,430
1999/2000	*$120,000	129	$125,950	$120,450
2000/2001	$125,000	132	$135,700	$136,450

* Target adjusted based on actual trends in sponsor contributions

(Source: NADC bursaries database)

The Northern LINKS Program performance measure was the percentage of students expecting to pursue post-secondary/trades education, who indicate their participation in the Northern LINKS Project will ease their transition and encourage program completion.

367 students responded to this question using a 10-point scale. Of those who provided a rating, 314 indicated they planned to pursue post-secondary education. The average rating given by those who responded and planned on pursuing post-secondary education was 7.7 out of 10. The target for this year was 85 per cent. The NADC plans to review the current survey to determine if the questions need clarification.

(Source: Northern LINKS database)

Financial Information

Ministry of Resource Development

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March 31, 2001

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Auditor's Report

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Resource Development as at March 31, 2001 and the consolidated statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Ministry of Resource Development is required to follow the corporate government accounting policies and reporting practices as disclosed in Note 2. These accounting policies have been established by Alberta Treasury and are consistent across ministries. With certain exceptions, the basis of accounting is in accordance with Canadian generally accepted accounting principles. My reservation of opinion in this auditor's report identifies two exceptions from Canadian generally accepted accounting principles that arise from following the accounting policies established by Alberta Treasury.

Capitalization of Lease
One capital lease has been recorded as an operating lease. In my view, an amount of $2,490,664 representing the net book value of the capital lease as at March 31, 2001 should be recorded as a capital asset in these financial statements. In addition, an amount of $2,161,919 representing the obligation under capital lease as at March 31, 2001 should be recognized as a liability in these financial statements. The net effect of the understatement of assets and liabilities is to overstate expenses for the year ended March 31, 2001 by $91,959.

Capitalization of Assets
Capital assets costing less than $15,000 are expensed in the year acquired and have not been recognized as assets in the accompanying consolidated statement of financial position. In my view, an amount of $6,184,950 representing the net book value of these assets as at March 31, 2001 should be recognized in these financial statements. The net effect of this understatement of assets is to overstate expenses for the year ended March 31, 2001 by $1,842,977.

In my opinion, except for the effects of the matters discussed in the preceding section, these financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta

May 23, 2001

Ministry of Resource Development

Consolidated Statement of Operations

For the year ended March 31, 2001
(in thousands)

	Budget	2001 Actual	2000 Actual (Restated, Note 17)
Revenue: (Schedule 1)			
Non-renewable resource revenue	$ 4,048,000	$ 10,586,185	$ 4,650,401
Freehold Mineral Rights Tax	135,000	255,968	133,599
Industry levies and licences	65,934	55,435	53,934
Internal government transfers	–	289	8,200
Other revenue	2,194	5,931	7,276
	4,251,128	10,903,808	4,853,410
Expense: (Schedule 2)			
Energy and utility resources	79,871	79,511	68,228
Ministry support services	2,631	2,963	2,553
Resource development and management	65,826	60,129	60,208
Northern development	1,843	1,918	1,307
	150,171	144,521	132,296
Net operating results	$ 4,100,957	$ 10,759,287	$ 4,721,114

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Resource Development

Consolidated Statement of Financial Position

As at March 31, 2001
(in thousands)

	2001	2000 (Restated, Note 17)
Assets:		
Cash and cash equivalents (Note 4)	$ 433,755	$ 308,417
Accounts receivable	3,067,540	699,197
Inventory held for resale	55,636	49,000
Prepaid expenses	1,004	586
Accrued pension asset (Note 5)	5,101	6,187
Capital assets (Note 6)	34,283	27,589
	3,597,319	1,090,976
Liabilities and Net Assets:		
Accounts payable	60,111	62,196
Accrued vacation pay	6,552	6,810
Unearned revenue	71,845	73,195
Gas royalty deposits	387,720	248,194
Funds held on behalf of others (Note 7)	36,104	40,924
Accrued pension liability (Note 5)	2,440	463
Tenant incentives	6,877	763
	571,649	432,545
Net Assets:		
Net assets, beginning of period	658,431	174,869
Net operating results	10,759,287	4,721,114
Net transfer to General Revenue	(8,387,631)	(4,237,552)
Pension adjustment (Note 14)	(4,417)	–
Net assets, end of period (Note 8)	3,025,670	658,431
	$ 3,597,319	$ 1,090,976

The accompanying notes and schedules are part of these financial statements.

Ministry of Resource Development

Consolidated Statement of Changes in Financial Position

As at March 31, 2001
(in thousands)

	2001	2000 (Restated, Note 17)
Operating Transactions:		
Net operating results	$ 10,759,287	$ 4,721,114
Non-cash items included in net operating results		
Amortization	6,360	5,985
Pension expense	2,453	3,110
	10,768,100	4,730,209
Increase in accounts receivable	(2,368,343)	(341,328)
Increase in inventory	(6,636)	(15,900)
Increase in prepaid expenses	(418)	(51)
Increase (decrease) in accounts payable and accrued vacation pay	(2,344)	11,820
Increase (decrease) in unearned revenues	(1,350)	706
Increase in tenant incentives	6,114	49
Cash provided by operating transactions	8,395,123	4,385,505
Financing Activities:		
Increase (decrease) in gas royalty deposits	139,526	(42,135)
Net transfer to General Revenue	(8,387,631)	(4,237,552)
Pension obligations funded	(3,806)	(3,490)
Increase (decrease) in funds held on behalf of others	(4,820)	26,310
Cash used for financing transactions	(8,256,731)	(4,256,867)
Investing Activities:		
Purchase of capital assets	(13,054)	(4,628)
Cash used for investing transactions	(13,054)	(4,628)
Net Cash Provided	125,338	124,010
Cash, beginning of year	308,417	184,407
Cash, end of year	$ 433,755	$ 308,417

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Resource Development

Notes to the Consolidated Financial Statements

March 31, 2001
(In thousands)

Note 1 Authority

The Minister of Resource Development has been designated as responsible for various Acts by the Government Organization Act and its regulations. To fulfill these responsibilities, the Minister administers the organizations listed below. The authority under which each organization operates is also listed. Together, these organizations form the Ministry of Resource Development.

Organization	Authority
Department of Resource Development	Government Organization Act
Alberta Energy and Utilities Board	Alberta Energy and Utilities Board Act
Alberta Petroleum Marketing Commission	Petroleum Marketing Act and the Natural Gas Marketing Act

Note 2 Purpose

The Ministry ensures that the development of Alberta's energy, mineral and forest resources and the provision of efficient, reliable energy supplies to consumers occur within a policy, administrative, and regulatory framework that benefits both present and future Albertans, the owners of the resources.

Note 3 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Ministry of Resource Development, which consists of the organizations identified in Note 1.

(b) Basis of Financial Reporting

Basis of Consolidation

The accounts of the Department, the Alberta Energy and Utilities Board and the Alberta Petroleum Marketing Commission are consolidated. Revenue and expense transactions, investing and financing transactions, and related asset and liability accounts between entities within the Ministry have been eliminated.

The reporting period of the Alberta Petroleum Marketing Commission is December 31. Transactions that have occurred during the period to March 31, 2001 and that significantly affect the consolidation have been recorded.

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the government's budget documents. Directly incurred expenses include:

- amortization of capital assets;
- pension costs, which comprise the cost of employer contributions for current service of employees during the year for the defined contribution plans;
- current service costs for the defined benefit pension plans. Alberta Energy and Utilities Board has defined benefit pension plans. The Board uses the projected benefit actuarial method prorated on length of service and best estimate assumptions to value benefit obligations for the Board's private pension plans. The obligation is determined through periodic actuarial reports that are based on projections of interest, employees' compensation levels and length of service to the time of retirement. Adjustments arising from plan amendments, experience gains and losses, and changes in assumptions are amortized over the estimated average remaining service lives of the related employee group. The expected return on pension assets is calculated based on the fair value of plan assets.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in schedule 3 and are not reflected in the consolidated statement of net income.

Assets

Inventory consists of conventional and synthetic oil in feeder and trunk pipelines. Inventories are stated at net realizable value.

Capital assets are recorded at historical cost and are amortized over their estimated useful lives. The department threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15.

Assets acquired by right, such as mineral resources, are not included.

Liabilities

Liabilities include all financial claims payable by the Ministry at fiscal year end.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable, accrued vacation pay, and gas royalty deposits are estimated to approximate their book values.

Note 4 Cash and Cash Equivalents

Cash and cash equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (the "Fund") of the Province of Alberta. Alberta Treasury manages the Fund with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of five years. Due to the short-term nature of the Fund's investments, the carrying value approximates fair value. Funds held on behalf of others are deposited in a chartered bank, and interest earned is accrued to the benefit of the depositor.

Note 5 Pensions

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $4,022 for the year ended March 31, 2001 (2000-$2,300).

At December 31, 2000, the Management Employees Pension Plan reported a surplus of $104,658 (1999-$46,019) and the Public Service Pension Plan reported a surplus of $635,084 (1999-$517,020). At December 31, 2000, the Supplementary Retirement Plan for Public Service Managers had a surplus of $180 (1999-$33).

To compensate senior staff of the Alberta Energy and Utilities Board who do not participate in the Management Employees Pension Plan, the Alberta Energy and Utilities Board maintains a defined benefit Senior Employees Pension Plan and supplementary benefit plans.

The Alberta Energy and Utilities Board's pension fund assets are invested in high quality bonds and Canadian equities. The significant actuarial assumptions adopted in measuring the accrued benefit obligations for these plans are as follows:

	2001	2000
Discount rate	7.40%	7.00%
Expected long-term rate of return on plan assets	8.00%	8.00%
Rate of compensation increase	4.50%	4.50%

The funded status and amounts recognized in the Statement of Financial Position are as follows:

	Senior Employees Pension Plan		Supplementary Benefit Plans	
	2001	2000	2001	2000
Plan assets at fair value	$ 14,244	$ 12,252	$ 356	$ 232
Accrued benefit obligation	(9,669)	(10,736)	(2,678)	(1,499)
Plan surplus (liability)	4,575	1,516	(2,322)	(1,267)
Unamortizated amounts	526	4,671	(118)	804
Accrued pension asset (liability)	$ 5,101	$ 6,187	$ (2,440)	$ (463)

Additional information about the Alberta Energy and Utilities Board Senior Employees Pension Plan and supplementary benefit plans is as follows:

	Senior Employees Pension Plan		Supplementary Benefit Plans	
	2001	2000	2001	2000
Alberta Energy and Utilities Board's contribution	$ 1,348	$ 1,205	$ 257	$ 287
Alberta Energy and Utilities Board employees' contribution	163	139	-	-
Benefit paid	471	386	61	59
Pension expense	(41)	996	292	194

Note 6 Capital Assets

	Estimated Useful Life	Cost	Accumulated Amortization	2001 Net Book Value	2000 Net Book Value
Computer hardware and software	3-10 years	$ 72,045	$ 44,352	$ 27,693	$ 22,293
Equipment	3-20 years	8,160	5,182	2,978	2,001
Pipelines	40 years	2,927	834	2,093	2,166
Leasehold Improvement	Term of Lease	2,163	964	1,199	809
Land	-	320	-	320	320
		$ 85,615	$ 51,332	$ 34,283	$ 27,589

Note 7 Funds Held on Behalf of Others

The EUB collects cash deposits or letters of credit as security for the proper abandonment of oil and gas wells. The cash deposits along with interest earned and letters of credit are returned to the registered owner upon compliance. During the year, the EUB started accepting letters of credit as a substitute for cash. The EUB holds $16,288 in letters of credit as at March 31, 2001.

Note 8 Net Assets

Net assets are comprised of:

	2001	2000
Alberta Resource Development	$ 3,003,958	$ 629,121
Alberta Petroleum Marketing Commission	-	(83)
Alberta Energy and Utilities Board	21,712	29,393
Total	$ 3,025,670	$ 658,431

Note 9 Trust Funds under Administration

The Ministry administers trust funds which are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the province has no equity in the funds, and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

As at March 31, trust funds under administration were as follows:

	2001	2000
Mines and Minerals Act Securities Trust	$ 52	$ 215
Oil and Gas Conservation Trust	24	29
Total	$ 76	$ 244

Note 10 Commitments

Commitments to outside organizations in respect of contracts entered into before March 31, 2001 amount to $65,569 (2000-$56,041). These commitments will become expenses of the Ministry when terms of the contracts are met. Payments in respect of these contracts and agreements are subject to the voting of supply by the Legislature. These amounts include obligations under long-term leases with lease payment requirements in future years of:

2001-2002	$ 4,810
2002-2003	4,764
2003-2004	4,710
2004-2005	4,686
2005-2006	4,688
Thereafter	23,880
	$ 47,538

Royalty Paid Natural Gas
The province is committed to pay out January 1, 1994 balances of royalty paid natural gas and by-products injected into underground reservoirs prior to January 1, 1994. At March 31, 2001, the commitment was estimated at $136,514 (2000-$59,969). The commitment was estimated using the current gas price and royalty rate and will be amortized to 2006.

Alberta Petroleum Marketing Commission
The Alberta Petroleum Marketing Commission has allocated a portion of its anticipated pipeline requirements to firm transportation agreements of up to twelve years. These agreements obligate the Commission to pay tariff charges for contracted volumes in accordance with contract rates. The aggregate estimated commitment at December 31, 2000 of $117,655 (1999-$128,022) will be paid from future oil royalty revenue. Costs for these pipeline services are expected to be within the range of normal transportation costs.

Note 11 Contingencies

Set out below are details of contingencies resulting from administrative appeals and litigation, other than those reported as liabilities.

(a) Natural Gas & By-product Royalties Appeals

Industry has appealed assessments resulting from the Ministry's Compliance and Assurance audits. The appeals relate to cost and unit price issues in the processing of natural gas liquids. The potential cost is unknown. In the opinion of management, the likely results of these appeals cannot be determined at this time.

(b) Land Claims

The government has identified and set aside specific tracts of land to satisfy land claims by Indian Bands. The claims related to these lands are not yet resolved. In the interim, the Ministry has issued 23 petroleum and natural gas dispositions on these lands and collected bonus and rental payments on the areas under dispute. When these land claims will be resolved is unknown. In the opinion of management, any losses that may result from the eventual settlement of these land claims cannot be determined at this time.

(c) Legal Claims

At March 31, 2001 the department is a defendant in five legal claims (2000 - zero legal claims). Four of these claims have specified amounts totaling $47,792 and the remaining claim has not specified an amount. Included in the total legal claims are two claims amounting to $46,270 in which the department has been jointly named with other entities. The resulting loss, if any, from these claims cannot be determined.

(d) Natural Gas Over Bitumen

In its dual role of resource conservation and protecting the public interest, the Ministry has exercised its mandate and shut in 146 gas wells from which further gas production would impair the ultimate recovery of bitumen. Negotiations between the gas producers, bitumen producers, and Ministry are taking place to produce fair and equitable treatment for all parties. The cost, if any, to the Ministry to compensate gas producers cannot be determined at this time.

Note 12 Measurement Uncertainty

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Non-renewable resource revenue recorded as $10,586,185 and Freehold Mineral Rights Tax recorded as $255,968, in these financial statements, are subject to measurement uncertainty. Non-renewable resource revenue and Freehold Mineral Rights Tax are calculated based on production volumes reported to the Ministry by royalty payers. These volumes could vary significantly from those initially reported.

Accounts receivable, recorded as $3,041,734 in these statements, is subject to measurement uncertainty. Estimates are used in accruing revenues in circumstances where the actual accrued revenues are unknown at the time these financial statements are prepared. The actual amount collected could vary significantly from that estimated.

Note 13 Government Restructuring
As a result of government restructuring announced on March 15, 2001, there were the following changes in responsibilities of the department:

Northern Alberta Development Council has been transferred to the new Ministry of Aboriginal Affairs and Northern Development. Forest Industry Development has been transferred to the new Ministry of Sustainable Resource Development.

Since the 2000-2001 fiscal year was substantially completed prior to this announcement, these financial statements have been prepared as if the restructuring took place on April 1, 2001, to provide proper accountability for the 2000-2001 fiscal year against the original business plan.

Note 14 Change in Accounting Policy
Commencing April 1, 2000 the Alberta Energy and Utilities Board applied the new accounting recommendations for employee future benefits without restatement of prior year numbers. In applying the new recommendation, the pension liability is calculated using a discount rate based on the current market interest rate of high quality debt instruments rather than an estimated rate. This change resulted in a transitional liability of $4,417 that reduced the value of Net Assets and Deferred Pension Assets by the same amount.

Note 15 Related Party Transactions
The Ministry paid $5,116 (2000-$4,142) to various other Government of Alberta departments, agencies or funds for supplies and/or services during the fiscal year and received $289 (2000-$8,242) as revenue. Accommodations, legal, telecommunications, personnel, audit services, and certain financial costs were provided to the Ministry by other government organizations at no cost. However, services contributed by other entities in support of the Ministry operations are disclosed in schedule 3.

Note 16 Electricity Deregulation
The Balancing Pool, which has been established pursuant to the Electric Utilities Act, receives and disburses funds arising from the transition to a competitive electricity market in Alberta. During the year, two sets of electric power auctions generated an expected net amount of approximately $2,100,000, as reported in the Balancing Pool's annual report. These funds are being distributed to Alberta electricity consumers in the form of rebates on their electric bills. Proceeds amounting to $1,175,900 from the Power Purchase Arrangement auction have been received. Proceeds from the Market Achievement Plan auction are received over the period of the respective contracts. Alberta Treasury invests the funds, which have been collected but not yet distributed to consumers.

The Power Pool Council manages the Balancing Pool. The Power Pool Council is outside the government reporting entity and is not a provincial agency for the purposes of the Financial Administration Act. The operations of the Balancing Pool are reported separately in the Balancing Pool's annual report and are not included in these financial statements.

Note 17 Comparative Figures
Certain 2000 figures have been reclassified to conform to the 2001 presentation.

In prior years, Alberta Treasury reported the Royalty Tax Credit. The 2000 figures have been restated to include the Royalty Tax Credit, as originally reported by Alberta Treasury.

Note 18 Approval of Financial Statements
The financial statements were approved by the Deputy Minister and the Senior Financial Officer of the department.

Ministry of Resource Development

Consolidated Schedule of Revenue

For the year ended March 31, 2001
(in thousands)

Schedule 1

	Budget	2001 Actual	2000 Actual (Restated, Note 17)
Non-renewable resource revenue			
Natural gas and by-products	$ 2,323,000	$ 7,199,916	$ 2,440,712
Crude oil royalties	632,000	1,500,325	1,072,614
Bonuses and sale of Crown leases	650,000	1,158,697	743,392
Synthetic crude oil and bitumen	469,000	711,875	426,108
Rentals and fees	157,000	147,380	140,959
Coal	14,000	11,831	14,644
Alberta Royalty Tax Credit	(197,000)	(143,839)	(188,028)
	4,048,000	10,586,185	4,650,401
Freehold Mineral Rights Tax	135,000	255,968	133,599
Industry levies and licences			
Industry levies and assessments	61,497	48,285	48,500
Information services	4,437	7,150	5,434
	65,934	55,435	53,934
Internal government transfers	–	289	8,200
Other revenue			
Other	1,194	3,574	5,552
Interest	1,000	2,357	1,724
	2,194	5,931	7,276
Total gross revenues	$ 4,251,128	$ 10,903,808	$ 4,853,410

Ministry of Resource Development

Consolidated Schedule of Expenses Detailed by Object

For the year ended March 31, 2001
(in thousands)

Schedule 2

	Budget	2001 Actual	2000 Actual
Salaries, wages and employee benefits	$ 85,807	$ 80,063	$ 76,864
Supplies and services	48,475	40,521	36,317
Grants	6,615	12,924	9,750
Amortization of capital assets	6,558	6,360	5,985
Well abandonment	3,250	5,017	3,961
Financial transactions and other	71	64	77
Gross expenses for operations	150,776	144,949	132,954
Less: Recovery from support service agreements with related parties	(640)	(584)	(618)
Total net expenses	$ 150,136	$ 144,365	$ 132,336

Ministry of Resource Development

Schedule of Allocated Costs

For the year ended March 31, 2001
(in thousands)

Schedule 3

	2001				2000
	Directly Incurred Expenses	Expenses Incurred by Others		Total Expenses	Total Expenses
Program		Accommodation Costs	Legal Services		
Energy and utility resources	$ 79,511	$ 280	$ –	$ 79,791	$ 68,538
Ministry support services	2,963	166	–	3,129	2,787
Resource development and management	60,129	3,440	715	64,284	65,998
Northern development	1,918	59	–	1,977	1,366
	$ 144,521	$ 3,945	$ 715	$ 149,181	$ 138,689

Ministry of Resource Development

Consolidated Schedule of Intra-Ministry Transactions

For the year ended March 31, 2001
(in thousands)

Schedule 4

	Budget	2001 Actual	2000 Actual
Assets			
Alberta Petroleum Marketing Commission	$ –	$ (55,628)	$ (38,830)
Total net assets	$ –	$ (55,628)	$ (38,830)
Liabilities			
Alberta Petroleum Marketing Commission	$ –	$ (55,628)	$ (38,830)
Total net liabilities	$ –	$ (55,628)	$ (38,830)
Revenue			
Alberta Energy and Utilities Board funding from the department	$ (16,879)	$ (18,008)	$ (16,130)
Total net revenue	$ (16,879)	$ (18,008)	$ (16,130)
Expense			
Funding to Alberta Energy and Utilities Board	$ (16,879)	$ (18,008)	$ (16,130)
Total net expense	$ (16,879)	$ (18,008)	$ (16,130)

Department of Resource Development

Financial Statements

March 31, 2001

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Changes in Financial Position

Notes to the Financial Statements

Schedules to the Financial Statements

Auditor's Report

To the Minister of Energy

I have audited the statement of financial position of the Department of Resource Development as at March 31, 2001 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Department. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Department of Resource Development is required to follow the corporate government accounting policies and reporting practices established by Alberta Treasury, including the following policy that is an exception from Canadian generally accepted accounting principles. Capital assets costing less than $15,000 are expensed in the year acquired and have not been recognized as assets in the accompanying statement of financial position. In my view, an amount of approximately $6,185,000 representing the net book value of these assets as at March 31, 2001, should be recognized in these financial statements. The net effect of this understatement of assets is to overstate expenses for the year ended March 31, 2001 by approximately $1,843,000.

In my opinion, except for the effects of the matter discussed in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA

Auditor General

Edmonton, Alberta

May 23, 2001

Department of Resource Development

Statement of Operations

For the year ended March 31, 2001
(in thousands)

	Budget	2001 Actual	2000 Actual (Restated, Note 12)
Revenue: (Schedules 1 and 2)			
Non-renewable resource revenue	$ 4,048,000	$ 10,585,955	$ 4,681,284
Freehold Mineral Rights Tax	135,000	255,968	133,599
Internal government transfers	–	–	8,200
Other revenue	1,086	3,562	4,139
	4,184,086	10,845,485	4,827,222
Expenses: directly incurred (Note 2b and Schedules 6 and 7)			
Voted (Schedules 2, 3 and 4)			
Ministry support services	2,631	2,965	2,553
Resource development and management	65,761	61,118	61,040
Energy and utilities regulation	16,879	16,879	15,338
Northern development	1,843	1,899	1,307
	87,114	82,861	80,238
Valuation Adjustments			
Provisions for doubtful accounts	35	185	(70)
Provisions for vacation pay	–	(29)	30
	35	156	(40)
Total expenses	87,149	83,017	80,198
Net operating results	$ 4,096,937	$ 10,762,468	$ 4,747,024

The accompanying notes and schedules are part of these financial statements.

Department of Resource Development

Statement of Financial Position

As at March 31, 2001
(in thousands)

	2001	2000 (Restated, Note 12)
Assets:		
Cash	$ 379,013	$ 238,644
Accounts receivable (Note 3)	3,041,734	664,402
Inventories held for resale (Note 2)	55,636	49,000
Loans and advances (Note 4)	111	133
Capital assets (Note 5)	17,966	18,472
	$ 3,494,460	$ 970,651
Liabilities:		
Accounts payable and accrued liabilities	$ 30,937	$ 20,141
Gas royalty deposits	387,720	248,194
Unearned revenue	71,845	73,195
	490,502	341,530
Net Assets:		
Net assets, beginning of year	629,121	119,649
Net operating results	10,762,468	4,747,024
Net transfer to general revenues	(8,387,631)	(4,237,552)
Net assets, end of year	3,003,958	629,121
	$ 3,494,460	$ 970,651

The accompanying notes and schedules are part of these financial statements.

Department of Resource Development

Statement of Changes in Financial Position

For the year ended March 31, 2001
(in thousands)

	2001	2000 (Restated, Note 12)
Operating transactions:		
Net operating results	$ 10,762,468	$ 4,747,024
Non-cash items included in net operating results:		
Amortization	3,846	4,388
Valuation adjustments	156	(40)
	10,766,470	4,751,372
Increase in accounts receivable	(2,377,517)	(364,756)
Increase in inventories held for resale	(6,636)	(15,900)
Decrease in loans and advances	22	1
(Decrease) increase in accounts payable and accrued liabilities	10,825	(3,364)
(Decrease) increase in unearned revenue	(1,350)	706
Cash provided by operating transactions	8,391,814	4,368,059
Financing transactions:		
Net transfer to General Revenues	(8,387,631)	(4,237,552)
Increase (decrease) in gas royalty deposits	139,526	(42,135)
Cash used by financing transactions	(8,248,105)	(4,279,687)
Investing transactions:		
Purchase of capital assets (Schedule 4)	(3,340)	(472)
Cash used for investing transactions	(3,340)	(472)
Net cash provided	140,369	87,900
Cash and short-term investments, beginning of year–	238,644	150,744
Cash and short-term investments, end of year	$ 379,013	$ 238,644

The accompanying notes and schedules are part of these financial statements.

Department of Resource Development

Notes to the Financial Statements

March 31, 2001
(in thousands)

Note 1 Authority

The Department of Resource Development operates under the authority of the Government Organization Act, Statutes of Alberta.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

a) Reporting Entity

The reporting entity is the Department of Resource Development, which is part of the Ministry of Resource Development and for which the Minister of Resource Development is accountable. Other entities reporting to the Minister include the Alberta Petroleum Marketing Commission and the Alberta Energy and Utilities Board. The activities of these organizations are not included in these financial statements.

Since significant financial transactions of the Ministry are reported outside the departmental financial statements, the Ministry financial statements provide a more comprehensive accounting of the financial position and results of the Ministry's operations. The Ministry annual report provides a more complete picture of the responsibilities for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Provincial Treasurer. All cash receipts of the departments are deposited into the Fund and all cash disbursements made by the departments are paid from the Fund. Net transfer to General Revenues is the difference between all cash receipts and all cash disbursements made.

b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenue exceeds budget, the department may, with the approval of Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the department's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the department has primary responsibility and accountability for, as reflected in the government's budget documents.
Directly incurred expenses include:

- amortization of capital assets;
- pension costs which comprise the cost of employer contributions for current service of employees during the year;
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the department operations are disclosed in schedule 7.

Assets

Financial assets of the department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as inventories held for resale.

Inventory consists of oil in feeder and trunk pipelines. Inventory is stated at net realizable value.

Capital assets of the department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15. Assets acquired by right, such as mineral resources, are not included.

Liabilities

Liabilities include all financial claims payable by the department at fiscal year end.

Net Assets

Net assets represents the difference between the value of assets held by the department and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, loans and advances, accounts payable and accrued liabilities, and gas royalty deposits are estimated to approximate their book values.

Note 3 Accounts Receivable

Accounts receivable is secured by a claim against the mineral leases.

Note 4 Loans and Advances

	2001			2000
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Travel advances	$ 7	$ –	$ 7	$ 22
Loans receivable				
10 years	13	3	10	17
25 years	128	34	94	94
	$ 148	$ 37	$ 111	$ 133

Travel advances are provided to departmental employees to cover the cost of business travel.

Loans have been provided to Albertans in rural areas under the Rural Electrification Loans Program to help finance the costs of installing electricity into homes.

The 10-year loans, issued under the Rural Electrification Loan Act, are repayable at 10 per cent of principal per annum plus interest that ranges from 3.5 per cent to 9.75 per cent, as determined when the loans were issued. Repayment commences one year after the loan is issued.

The 25-year loans, issued under the Rural Electrification Long Term Financing Act, are repayable over 25 years at interest rates that range from 3.5 per cent to 9.75 per cent, as determined when the loans were issued.

The allowance for doubtful accounts is established at 25 per cent of the remaining loan balances outstanding for 10 and 25 year loans.

Note 5 Capital Assets

	2001				2000
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	10 years	$ 45,520	$ 30,621	$ 14,899	$ 15,441
Equipment	5 years	4,672	3,698	974	865
Pipeline	40 years	2,927	834	2,093	2,166
		$ 53,119	$ 35,153	$ 17,966	$ 18,472

Note 6 Commitments

As at March 31, 2001, the department has commitments totaling $18,031 (2000-$11,605). These commitments will become expenses of the department when terms of the contracts are met. Payments in respect of these contracts and agreements are subject to the voting of supply by the Legislature.

Royalty Paid Natural Gas

The province is committed to pay out January 1, 1994 balances of royalty paid natural gas and by-products injected into underground reservoirs prior to January 1, 1994. At March 31, 2001, the commitment was estimated at $136,514 (2000-$59,969). The commitment was estimated using the current gas price and royalty rates and will be amortized to 2006.

Note 7 Contingencies

At March 31, 2001, the department has been named in administrative appeals and litigation.

(a) Natural Gas & By-product Royalties Appeals

Industry has appealed assessments resulting from the department's Compliance and Assurance audits. The appeals relate to cost and unit price issues in the processing of natural gas liquids. The potential cost is unknown. In the opinion of management, the likely results of these appeals cannot be determined at this time.

(b) Land Claims

The government identifies and sets aside specific tracts of land to satisfy land claims made by Indian Bands. The claims related to these lands are under negotiation but are not yet resolved. In one instance, the department may have to revoke 23 petroleum and natural gas dispositions for which the government accepted bonus, rental payments and royalties. When these land claims will be resolved is unknown. In the opinion of management, any losses that may result from the eventual settlement of these land claims cannot be determined at this time.

(c) Legal Claims

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(d) Natural Gas Over Bitumen

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Note 8 Trust Funds under Administration

The department administers trust funds which are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the department's financial statements.

As at March 31, 2001, trust funds under administration were as follows:

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Note 9 Electricity Deregulation

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These funds are being distributed to Alberta electricity consumers in the form of rebates on their electric bills. Proceeds amounting to $1,175,900 from the Power Purchase Arrangement auction have been received. Proceeds from the Market Achievement Plan auction are received over the period of the respective contracts. Alberta Treasury invests the funds, which have been collected but not yet distributed to consumers.

The Power Pool Council manages the Balancing Pool. The Power Pool Council is outside the government reporting entity and is not a provincial agency for the purposes of the Financial Administration Act. The operations of the Balancing Pool are reported separately in the Balancing Pool's annual report and are not included in these financial statements.

Note 10 Measurement Uncertainty

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Revenue, recorded as $10,845,485 in these financial statements, is subject to measurement uncertainty. Revenue is calculated based on production volumes reported to Department by royalty payers. These volumes could vary significantly from what was initially reported.

Accounts receivable, recorded as $3,041,734 in these statements, is subject to measurement uncertainty. Estimates are used in accruing revenues in circumstances where the actual accrued revenues are unknown at the time these financial statements are prepared. The actual amount collected could vary significantly from that estimated.

Note 11 Pensions

The department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $1,820 for the year ended March 31, 2001 (2000-$380).

At December 31, 2000, the Management Employees Pension Plan reported a surplus of $104,658 (1999-$46,019) and the Public Service Pension Plan reported a surplus of $635,084 (1999-$517,020). At December 31, 2000, the Supplementary Retirement Plan for Public Service Managers had a surplus of $180 (1999-$33).

Note 12 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

In prior years, Alberta Treasury reported the Royalty Tax Credit. The 2000 figures have been restated to include the Royalty Tax Credit, as originally reported by Alberta Treasury.

Note 13 Government Restructuring

As a result of government restructuring announced on March 15, 2001, there were the following changes in responsibilities of the department.

Northern Alberta Development Council has been transferred to the new Ministry of Aboriginal Affairs. Forest Industry Development has been transferred to the new Ministry of Sustainable Resource Development.

Since the 2000-2001 fiscal year was substantially completed prior to this announcement, these financial statements have been prepared as if the restructuring took place on April 1, 2001, to provide proper accountability for the 2000-2001 fiscal year against the original business plan.

Note 14 Approval of Financial Statements

The financial statements were approved by the Deputy Minister and the Senior Financial Officer.

Department of Resource Development

Schedule of Revenue

For the year ended March 31, 2001
(in thousands)

Schedule 1

	Budget	2001 Actual	2000 Actual (Restated, Note 13)
Non-renewable Resource Revenue:			
Natural gas and by-products royalty	$ 2,323,000	$ 7,199,916	$ 2,440,712
Crude oil royalty	632,000	1,500,242	1,103,497
Bonuses and sales of Crown leases	650,000	1,158,697	743,392
Synthetic crude oil and bitumen royalty	469,000	711,874	426,108
Rentals and fees	157,000	147,234	140,959
Coal royalty	14,000	11,831	14,644
Royalty Tax Credit	(197,000)	(143,839)	(188,028)
	4,048,000	10,585,955	4,681,284
Freehold Mineral Rights Tax	135,000	255,968	133,599
Internal government transfers			
Transfer from the Lottery Fund	–	–	8,200
Other revenue	1,086	3,562	4,139
Total revenue	$ 4,184,086	$ 10,845,485	$ 4,827,222

Department of Resource Development

Schedule of Dedicated Revenue Initiatives

For the year ended March 31, 2001
(in thousands)

Schedule 2

	2001		
	Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall)/ Excess
Northern Alberta Development Council			
Dedicated revenue	$ 36	$ 36	$ –
Western Economic Partnership Agreement (WEPA)			
Dedicated revenue - transfer from Government of Canada	125	125	–
	$ 161	$ 161	$ –

Northern Alberta Development Council partners with northern post-secondary institutions to sponsor a Northern Labour Market Information Clearinghouse, which provides employment and economic data with a focus on industry- and employment-driven training needs

WEPA provides funding for two projects of the Canada-Alberta Western Economic Partnership Agreement. The first is for Bison Genetics/Management Research which will encourage research and development activities of the bison industry in northern Alberta. The second project is Northern Long Distance Education, which is an extension of an off-campus electronic network to Aboriginal and remote communities. The project will allow them to receive courses, programs and various educational services, as well as access to telecommunications and video-conferencing.

Department of Resource Development

Schedule of Expense Directly Incurred - Detailed by Object

For the year ended March 31, 2001
(in thousands)

Schedule 3

	Budget	2001 Actual	2000 Actual
Voted:			
Salaries, wages and employee benefits	$ 33,706	$ 32,143	$31,743
Supplies and services	25,925	21,027	19,560
Grants	23,494	26,365	25,088
Financial transactions and other	71	64	77
Amortization of capital assets	4,558	3,846	4,388
Total voted expenses before recoveries	87,754	83,445	80,856
Less: Recovery from support service arrangements with related parties	(640)	(584)	(618)
Total Voted Expenses	$ 87,114	$ 82,861	$ 80,238

The Department provides financial services to Alberta Environment and Alberta Agriculture Food and Rural Development. Costs incurred for these services are recovered from Alberta Environment.

Department of Resource Development

Schedule of Comparison of Expense - Directly Incurred and Capital Investments, by Element to Authorized Budget

For the year ended March 31, 2001
(in thousands)

Schedule 4

	2000-2001 Estimates (a) (Authorized Budget)	2000-2001 Actual Expense (b)	Unexpended (Over Expended)
Expenses:			
Voted			
Program 1 - Ministry Support Services			
1.0.1 Minister's Office	$ 250	$ 251	$ (1)
1.0.2 Associate Minister Forestry	175	30	145
1.0.3 Deputy Minister's Office	365	360	5
1.0.4 Corporate Services	1,396	1,508	(112)
1.0.5 Communications	445	816	(371)
	2,631	2,965	(334)
Program 2 - Resource Development and Management			
2.1 Program Support			
2.1.1 Program Support			
- Operating expense	15,555	18,910	(3,355)
- Capital expense	615	547	68
2.1.2 Amortization	4,588	3,846	742
2.2 Revenue Management			
2.2.1 Tenure and Royalties			
- Operating expense	29,389	23,382	6,007
- Capital expense	700	2,793	(2,093)
2.3 Resource Stewardship and Industry Development			
2.3.1 Policy Development and Analysis	6,435	4,343	2,092
2.3.2 Rural Utilities	7,192	8,032	(840)
2.3.3 Electricity	1,255	1,533	(278)
2.3.4 Forestry Industry Development	1,347	1,072	275
	67,076	64,458	2,618
Program 3 - Energy and Utilities Regulation			
3.0.1 Assistance to the Alberta Energy and Utilities Board	16,879	16,879	-
	16,879	16,879	-
Program 4 - Northern Development			
4.0.1 Northern Alberta Development Council	1,593	1,665	(72)
4.0.2 Western Economic Partnership Agreement	250	234	16
	1,843	1,899	(56)
Total voted expenses	$ 88,429	$ 86,201	$ 2,228
Program operating expense	$ 87,114	$ 82,861	$ 4,253
Program capital investment	1,315	3,340	(2,025)
Total voted expenses	$ 88,429	$ 86,201	$ 2,228

(a) Transfer of unexpended balances as a result of Order in Council 96/2001 has not been reflected in this schedule (Note 13).

(b) Includes achievement bonus of $525.

Department of Resource Development

Schedule of Salaries and Benefits Disclosure

For the year ended March 31, 2001
(in thousands)

Schedule 5

	2001			2000
	Salary [1]	Benefits & Allowances [2]	Total	Total
Deputy Minister [3]	$ 162	$ 40	$ 202	$ 185
Executives				
Assistant Deputy Minister - Forestry and Mineral Development	123	29	152	144
Assistant Deputy Minister - Oil Development[4]	141	6	147	–
Assistant Deputy Minister - Gas and Alberta Markets[5]	126	7	133	–
Other				
Business Unit Leader - Electricity	121	28	149	141

The presentation format has changed with prospective application from April 1, 2000. Under the new format the total salary and benefits relating to a position are disclosed.

(1) Salary includes regular base pay, bonuses, overtime, vacation payout and lump sum payments.

(2) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, WCB premiums, health care, dental coverage, group life insurance, professional memberships, tuition fees, short- and long-term disability.

(3) Automobile provided, no dollar amount included in benefits and allowances figure.

(4) This position was created as a result of the reorganization of May 25, 1999 and filled May 2000.

(5) This position was created as a result of the reorganization of May 25, 1999 and filled June 2000.

Department of Resource Development

Schedule of Related Party Transactions

For the year ended March 31, 2001
(in thousands)

Schedule 6

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the department.

The department and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The department had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Expenses - Directly Incurred:				
Grants	$ 16,879	$ 16,129	$ –	$ –
Other services	1,127	–	2,228	1,373
	$ 18,006	$ 16,129	$ 2,228	$ 1,373

The above transactions do not include support service arrangement transactions disclosed in schedule 3.

The department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in schedule 7.

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Expenses - Incurred by Others:				
Accommodation	$ –	$ –	$ 3,665	$ 4,562
Other services	–	–	715	729
	$ –	$ –	$ 4,380	$ 5,291

Department of Resource Development

Schedule of Allocated Costs

For the year ended March 31, 2001
(in thousands)

Schedule 7

	2001						2000
	Directly Incurred Expenses	Expenses Incurred by Others		Valuation Adjustments		Total Expenses	Total Expenses
Program		Accommodation Costs	Legal Services	Vacation Pay	Doubtful Accounts		
Ministry support services	$ 2,965	$ 166	$ –	$ (2)	$ –	$ 3,129	$ 2,787
Resource development and management	61,118	3,440	715	(46)	185	65,412	65,998
Energy and Utilities Regulation	16,879	–	–	–	–	16,879	15,338
Northern development	1,899	59	–	19	–	1,977	1,366
	$ 82,861	$ 3,665	$ 715	$ (29)	$ 185	$ 87,397	$ 85,489

Alberta Energy and Utilities Board

Financial Statements

March 31, 2001

Auditor's Report

Statement of Revenue and Expenditure

Statement of Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule of Revenue and Expenditure by Fund

Schedule of Net Assets by Fund

Auditor's Report

To the Members of the Alberta Energy and Utilities Board

I have audited the statement of net assets of the Alberta Energy and Utilities Board as at March 31, 2001 and the statements of revenue and expenditure and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Board is required to follow the corporate government accounting policies and reporting practices as disclosed in Note 2. These accounting policies have been established by Alberta Treasury and are consistent across ministries. With one exception, the basis of accounting is in accordance with generally accepted accounting principles. My reservation of opinion in this auditor's report identifies the exception from generally accepted accounting principle that arises from following the accounting policy established by Alberta Treasury.

Capitalization of Lease

One capital lease has been recorded as an operating lease. In my view, an amount of approximately $2,491,000 representing the net book value of the capital lease as at March 31, 2001 should be recorded as a capital asset in these financial statements. In addition, an amount of approximately $2,162,000 representing the obligation under capital lease as at March 31, 2001 should be recognized as a liability in these financial statements. The net effect of the understatement of assets and liabilities is to overstate expenses for the year ended March 31, 2001 by approximately $92,000.

In my opinion, except for the effects of the matter discussed in the preceding section, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA

Auditor General

Edmonton, Alberta

May 8, 2001

Alberta Energy and Utilities Board

Energy Resources and Well Abandonment Funds
Statement of Revenue and Expenditure

For the year ended March 31, 2001
(thousands of dollars)

	Budget	2001 Actual	2000 Actual
Revenue			
Industry levies and assessments	$ 61,497	$ 48,285	$ 48,500
Provincial contributions	16,879	17,809	16,060
Information, services and fees	4,437	7,638	5,765
Investment	1,000	2,352	1,724
Miscellaneous	108	163	1,152
	83,921	76,247	73,201
Expenditure			
Personnel	52,071	47,919	45,121
Buildings	6,337	6,786	6,094
Abandonment and enforcement	5,075	5,017	3,961
Consulting services	5,015	4,309	3,207
Grant (Note 3)	–	4,078	–
Computer services	3,416	3,420	3,195
Travel and transportation	2,805	2,547	2,004
Amortization	2,000	2,514	1,597
Administrative	2,407	2,259	2,437
Equipment rent and maintenance	690	458	507
Miscellaneous	55	204	105
	79,871	79,511	68,228
Excess (deficiency) of revenue over expenditure	4,050	(3,264)	4,973
Net assets, beginning of year	29,393	29,393	24,420
Pension adjustment (Note 4)	–	(4,417)	–
Net assets, end of year	$ 33,443	$ 21,712	$ 29,393

The accompanying notes and schedules are an integral part of these financial statements.

Alberta Energy and Utilities Board

Energy Resources and Well Abandonment Funds
Statement of Net Assets

As at March 31, 2001
(thousands of dollars)

	2001	2000
Assets		
Current:		
Cash and cash equivalents (Note 5)	$ 10,369	$ 21,138
Funds held on behalf of others (Note 6)	36,104	40,924
Accounts receivable	2,513	3,330
Prepaid expenses	1,004	586
	49,990	65,978
Lease incentive receivable (Note 7)	4,810	–
Accrued pension asset (Note 8)	5,101	6,187
Capital assets (Note 9)	16,317	9,117
	$ 76,218	$ 81,282
Liabilities and Net Assets		
Current:		
Accounts payable	$ 5,995	$ 6,420
Funds held on behalf of others (Note 6)	36,104	40,924
Accrued vacation	3,090	2,098
Current portion of deferred lease incentives	725	84
	45,914	49,526
Accrued pension liability (Note 8)	2,440	463
Long-term accrued vacation	–	1,137
Deferred lease incentives	6,152	763
Total liabilities	54,506	51,889
Net assets	21,712	29,393
	$ 76,218	$ 81,282

Alberta Energy and Utilities Board

Energy Resources and Well Abandonment Funds
Statement of Cash Flows

For the year ended March 31, 2001
(thousands of dollars)

	2001	2000
Operating Activities		
Excess (deficiency) of revenue over expenditure	$ (3,264)	$ 4,973
Non-cash expenditures		
Pension expense (Note 8)	2,453	3,110
Amortization	2,514	1,597
Changes in operating non-cash working capital		
Accounts receivable	817	(246)
Prepaid expenses	(418)	(51)
Accounts payable	(425)	3,677
Change in accrued vacation	(145)	(422)
	1,532	12,638
Investing and Financing Activities		
Investment in capital assets	(9,714)	(4,156)
Lease incentives received	1,513	133
Lease incentives repaid	(294)	(78)
Pension obligations funded (Note 8)	(3,806)	(3,491)
	(12,301)	(7,592)
Increase (decrease) in cash during the year	(10,769)	5,046
Cash and cash equivalents, beginning of year	21,138	16,092
Cash and cash equivalents, end of year	$ 10,369	$ 21,138

Alberta Energy and Utilities Board

Energy Resources and Well Abandonment Funds
Notes to the Financial Statements

March 31, 2001

Note 1 Authority and Purpose

The Alberta Energy and Utilities Board (EUB) operates under the authority of the Alberta Energy and Utilities Board Act, Chapter A-19.5, Statutes of Alberta. The EUB's mission is to ensure that the discovery, development and delivery of Alberta's resources take place in a manner that is fair, responsible, and in the public interest.

Note 2 Significant Accounting Policies

These financial statements are prepared in accordance with the following significant accounting policies:

(a) Capital assets

All tangible and intangible assets with an economic life greater than one year are recorded at cost or appraised value for donated assets. These assets are then amortized, using the straight-line method, over the following estimated useful lives:

Computer software	5 years
Furniture and equipment	3 to 20 years
Computer hardware	3 to 5 years
Leasehold improvements	Lease term

(b) Pension costs

i) Defined benefit plans

For the defined benefit pension plans, current service costs are expensed in the year incurred. The EUB uses the projected benefit actuarial method prorated on length of service and best estimate assumptions to value benefit obligations. The obligation is determined through periodic actuarial reports that are based on projections of interest, employees' compensation levels, and length of service to the time of retirement. Adjustments arising from plan amendments, experience gains and losses, and changes in assumptions are amortized over the estimated average remaining service lives of the related employee group. The expected return on pension assets is calculated based on the fair value of plan assets.

ii) Defined contribution plans

For defined contribution plans, pension costs are based upon specific amounts contributed on behalf of participating employees during the year.

(c) Deferred lease incentives

Deferred lease incentives are amortized on a straight-line basis over the term of the lease.

Note 3 Grant - New Delegation of Authority

During the current year, the Alberta Oil and Gas Orphan Abandonment and Reclamation Association (the "Orphan Association") was established and delegated the authority to administer the abandonment and reclamation of wells, facilities and pipelines that have no registered owner. The intent is that the EUB will no longer be operationally responsible for these activities. On March 30, 2001, the EUB transferred, by way of grant, the net assets of the Well Abandonment Fund to the Canadian Association of Petroleum Producers to hold in trust on behalf of the Orphan Association during the completion of its organization.

Note 4 Pension Adjustment

Commencing April 1, 2000, the EUB applied the new accounting recommendations for employee future benefits retroactively without restatement of prior year numbers. In applying the new recommendation, the pension liability is calculated using a discount rate based on the current market interest rate of high-quality debt instruments rather than an estimated rate. This change resulted in a transitional liability of $4,416,700 than reduced the value of Net Assets and Accrued Pension Benefit Asset by the same amount.

Note 5 Cash and Cash Equivalents

Cash and cash equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (the "Fund") of the Province of Alberta. The Fund is managed by the Department of Treasury with the objective of providing competitive interest income to depositors while maintaining the security and liquidity of depositors' capital. The portfolio comprises high-quality short-term and mid-term fixed-income securities with a maximum term to maturity of five years.

Note 6 Funds Held on Behalf of Others

The EUB collects cash deposits or letters of credit as security for the proper abandonment of oil and gas wells. The cash deposits along with interest earned and letters of credit are returned to the registered owner upon compliance. During the year, the EUB started accepting letters of credit as a substitute for cash. The EUB holds $16,287,500 in letters of credit as at March 31, 2001.

Note 7 Lease Incentive Receivable

The EUB is eligible to receive incentives for the renewal of its head office lease. This receivable has been classified as a long-term asset to reflect management's intention to use these funds for the acquisition of capital assets.

Note 8 Pension

The EUB participates with other related government entities in the Public Service Pension Plan, Management Employees Pension Plan, and Supplementary Retirement Plan for Public Service Managers. These multi-employer pension plans are accounted for as defined contribution plans. The expense for these pension plans is equivalent to the annual contributions of $2,201,900 for the year ended March 31, 2001 (2000-$1,920,200).

The EUB also maintains a defined benefit Senior Employees Pension Plan and Supplementary Benefit Plans to compensate senior staff that do not participate in the government management pension plans.

Pension fund assets are invested in high quality bonds and Canadian equities. The significant actuarial assumptions adopted in measuring the accrued benefit obligations for these plans are as follows:

	2001	2000
Discount rate	7.40%	7.00%
Expected long-term rate of return on plan assets	8.00%	8.00%
Rate of compensation increase	4.50%	4.50%

The funded status and amounts recognized in the Statement of Net Assets are as follows:

	Senior Employees Pension Plan		Supplementary Benefit Plans	
	2001	2000	2001	2000
	(thousands of dollars)			
Plan assets at fair value	$ 14,244	$ 12,252	$ 356	$ 232
Accrued benefit obligation	9,669	10,736	2,678	1,499
Plan surplus (liability)	4,575	1,516	(2,322)	(1,267)
Unamortized amounts	526	4,671	(118)	804
Accrued pension asset (liability)	$ 5,101	$ 6,187	$ (2,440)	$ (463)

Additional information about the defined benefit plans is as follow:

	Senior Employees Pension Plan		Supplementary Benefit Plans	
	2001	2000	2001	2000
	(thousands of dollars)			
EUB's contribution	$ 1,347	$ 1,205	$ 257	$ 287
Employees' contribution	163	139	–	–
Benefit paid	471	386	61	59
Pension expense	(41)	996	292	194

Note 9 Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Asset Value	Net Asset Value
		(thousands of dollars)		
Computer software	$ 14,975	$ 11,109	$ 3,866	$ 3,381
Software under development	5,438	–	5,438	1,613
Computer hardware	6,112	2,622	3,490	1,858
Furniture and equipment	3,488	1,484	2,004	1,136
Leasehold improvements	2,163	964	1,199	809
Land	320	–	320	320
	$ 32,496	$ 16,179	$ 16,317	$ 9,117

Note 10 Inter-fund Transfers

During the current fiscal year, the Well Abandonment Fund transferred $107,000 (2000-$535,000) to the Energy Resources Fund as compensation for expenditures incurred to properly abandon oil and gas wells subsequently determined to be orphans.

Note 11 Board Member Salaries, Benefits, and Allowances

	2001			2000
	Salary [a]	Benefits and Allowances [b]	Total	Total
Chair	$ 178,746	$ 51,549	$ 230,295	$ 208,914
Board Member 1	127,136	42,988	170,124	160,543
Board Member 2	127,136	34,312	161,448	150,603
Board Member 3	127,136	34,156	161,292	151,863
Board Member 4 [c]	127,136	32,755	159,891	123,457
Board Member 5	127,136	32,035	159,171	149,788
Board Member 6	127,136	30,596	157,732	153,845
Board Member 7 [d]	125,469	30,986	156,455	47,816
Board Member 8 [e]	17,936	2,336	20,272	169,749
Board Member 9 [e]	–	–	–	16,972

(a) Includes all paid and payable salary and bonuses.

(b) Includes the EUB's share of all payments to, or on behalf of, Board Members, including pension, insurance, health benefits, professional membership, and payments in lieu of vacation. Automobiles were provided, but no amount is included in these figures.

(c) This Board Member also serves as the Chairman of the Natural Resources Conservation Board (NRCB). Prior year figure does not include salary, benefits, and allowances associated with NRCB service.

(d) Board Members who have commenced employment during the current or previous fiscal year.

(e) Board Members who have retired or ceased employment during the current or previous fiscal year.

Note 12 Future Operating Lease Commitments

The EUB leases office premises with minimum lease terms ranging from one to ten years and leases a research facility with a remaining term of eighty-five years. The EUB has received cash incentives as a component of certain leases, and these incentives will reduce future lease costs. The future minimum lease payments, net of lease incentives, are as follows:

	(thousands of dollars)
2001-2002	$ 4,810
2002-2003	4,764
2003-2004	4,710
2004-2005	4,686
2005-2006	4,688
Thereafter	23,880
	$47,538

Note 13 Related Party Transactions

The EUB paid $2,888,000 (2000-$2,756,300) to various other Government of Alberta departments, agencies, or funds for supplies and/or services during the fiscal year. The EUB received $17,518,000 (2000-$16,060,400) in grants and $488,400 (2000-$169,600) in service revenue from provincial government organizations. In addition, the EUB received the benefit of additional services from other government organizations in kind with an estimated value of $279,700 (2000-$310,000) that are not reflected within the Statement of Revenue and Expenditure.

Note 14 Comparative Figures

The current year budget and prior year actual results are presented for comparative purposes. The prior year figures have been reclassified, where necessary, to conform to current presentation.

Note 15 Approval of Financial Statements

These financial statements were approved by the Board of the EUB.

Alberta Energy and Utilities Board

Energy Resources and Well Abandonment Funds
Schedule of Revenue and Expenditure by Fund

For the year ended March 31, 2001
(thousands of dollars)

Schedule 1

	Energy Resources			Well Abandonment			Total		
	2001		2000	2001		2000	2001		2000
	Budget	Actual	Actual	Budget	Actual	Actual	Budget	Actual	Actual
Revenue									
Industry levies and assessments	$ 58,740	$ 48,285	$ 46,342	$ 2,757	$ –	$ 2,158	$ 61,497	$ 48,285	$ 48,500
Provincial contributions	16,879	17,809	16,060	–	–	–	16,879	17,809	16,060
Information, services and fees	4,094	6,447	4,813	343	1,191	952	4,437	7,638	5,765
Investment	850	1,989	1,289	150	363	435	1,000	2,352	1,724
Miscellaneous	108	163	1,152	–	–	–	108	163	1,152
	80,671	74,693	69,656	3,250	1,554	3,545	83,921	76,247	73,201
Expenditure									
Personnel	52,071	47,919	45,121	–	–	–	52,071	47,919	45,121
Buildings	6,337	6,786	6,094	–	–	–	6,337	6,786	6,094
Abandonment and enforcement	2,000	793	867	3,075	4,224	3,094	5,075	5,017	3,961
Consulting services	4,852	4,144	3,048	163	165	159	5,015	4,309	3,207
Grant	–	–	–	–	4,078	–	–	4,078	–
Computer services	3,416	3,420	3,195	–	–	–	3,416	3,420	3,195
Travel and transportation	2,795	2,540	1,995	10	7	9	2,805	2,547	2,004
Amortization	2,000	2,514	1,597	–	–	–	2,000	2,514	1,597
Administrative	2,405	2,254	2,413	2	5	24	2,407	2,259	2,437
Equipment rent and maintenance	690	458	507	–	–	–	690	458	507
Miscellaneous	55	204	105	–	–	–	55	204	105
	76,621	71,032	64,942	3,250	8,479	3,286	79,871	79,511	68,228
Excess (deficiency) of revenue over expenditure	4,050	3,661	4,714	–	(6,925)	259	4,050	(3,264)	4,973
Inter-fund transfers (Note 10)	–	107	535	–	(107)	(535)	–	–	–
Net assets, beginning of year	22,361	22,361	17,112	7,032	7,032	7,308	29,393	29,393	24,420
Pension adjustment	–	(4,417)	–	–	–	–	–	(4,417)	–
Net assets, end of year	$ 26,411	$ 21,712	$ 22,361	$ 7,032	$ –	$ 7,032	$ 33,443	$ 21,712	$ 29,393

NOTE: The accounts of the EUB are maintained in accordance with the principles of fund accounting. The Energy Resources Fund accounts for the EUB's operating activities in relation to regulating the resource and utility industries, and the Well Abandonment Fund provides for the abandonment and reclamation of wells, facilities, and pipelines that have no registered owner. See Note 3.

Alberta Energy and Utilities Board

Energy Resources and Well Abandonment Funds
Schedule of Net Assets by Fund

As at March 31, 2001
(thousands of dollars)

Schedule 2

	Energy Resources		Well Abandonment		Total	
	2001	2000	2001	2000	2001	2000
Assets						
Current:						
Cash and cash equivalents	$ 10,332	$ 13,115	$ 37	$ 8,023	$ 10,369	$ 21,138
Funds held on behalf of others	36,104	40,924	–	–	36,104	40,924
Accounts receivable	2,513	3,325	–	5	2,513	3,330
Prepaid expenses	1,004	586	–	–	1,004	586
	49,953	57,950	37	8,028	49,990	65,978
Lease incentive receivable	4,810	–	–	–	4,810	–
Accrued pension asset	5,101	6,187	–	–	5,101	6,187
Capital assets	16,317	9,117	–	–	16,317	9,117
	$ 76,181	$ 73,254	$ 37	$ 8,028	$ 76,218	$ 81,282
Liabilities and Net Assets						
Current:						
Accounts payable	$ 5,958	$ 5,424	$ 37	$ 996	$ 5,995	$ 6,420
Funds held on behalf of others	36,104	40,924	–	–	36,104	40,924
Accrued vacation	3,090	2,098	–	–	3,090	2,098
Current portion of deferred lease incentives	725	84	–	–	725	84
	45,877	48,530	37	996	45,914	49,526
Accrued pension liability	2,440	463	–	–	2,440	463
Long-term accrued vacation	–	1,137	–	–	–	1,137
Deferred lease incentives	6,152	763	–	–	6,152	763
Total liabilities	54,469	50,893	37	996	54,506	51,889
Net assets:						
Working capital	4,076	9,420	–	7,032	4,076	16,452
Long-term equity	17,636	12,941	–	–	17,636	12,941
	21,712	22,361	–	7,032	21,712	29,393
	$ 76,181	$ 73,254	$ 37	$ 8,028	$ 76,218	$ 81,282

NOTE: The accounts of the EUB are maintained in accordance with the principles of fund accounting. The Energy Resources Fund accounts for the EUB's operating activities in relation to regulating the resource and utility industries, and the Well Abandonment Fund provides for the abandonment and reclamation of wells, facilities, and pipelines that have no registered owner. See Note 3.

Alberta Petroleum Marketing Commission

Financial Statements

December 31, 2000

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Changes in Financial Position

Notes to Financial Statements

Auditor's Report

To the Members of the Alberta Petroleum Marketing Commission

I have audited the statement of financial position of the Alberta Petroleum Marketing Commission as at December 31, 2000 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA

Auditor General

Edmonton, Alberta

May 19, 2001

Alberta Petroleum Marketing Commission

Statement of Operations

For the year ended December 31, 2000
(in thousands)

	2000	1999 Restated
Crude oil revenue	$ 1,821,383	$ 928,328
Expenditures		
Purchases under exchange agreements	127,303	85,342
Other crude oil purchases	93,858	23,172
Transportation	66,894	48,620
Marketing fees	2,014	1,582
	290,069	158,716
Excess of revenue over expenditures	1,531,314	769,612
Other revenue		
Interest earned	490	303
Cost recoveries	(29)	2,147
Other	8	7
	469	2,457
Net revenue to transfer to the Province of Alberta	1,531,783	772,069
Due to the Province of Alberta, beginning of year	154,920	99,149
Cash transferred to the Province of Alberta	(1,546,010)	(716,298)
Due to the Province of Alberta, end of year	$ 140,693	$ 154,920

The accompanying notes are part of these financial statements.

Alberta Petroleum Marketing Commission

Statement of Financial Position

As at December 31, 2000
(in thousands)

	2000	1999
Assets		
Cash and cash equivalents (Note 3)	$ 8,888	$ 6,994
Accounts receivable	121,035	124,423
Inventory	40,071	47,277
	$ 169,994	$ 178,694
Liabilities		
Accounts payable (Note 4)	$ 29,301	$ 23,774
Due to the Province of Alberta	140,693	154,920
	$ 169,994	$ 178,694

The accompanying notes are part of these financial statements.

Alberta Petroleum Marketing Commission

Statement of Changes in Financial Position

For the year ended December 31, 2000
(in thousands)

	2000	1999
Cash provided by operating activities		
Net revenue to transfer to the Province of Alberta	$ 1,531,783	$ 772,069
Change in non-cash working capital		
Accounts receivable	3,388	(37,527)
Inventory	7,206	(14,735)
Accounts payable	5,527	(152)
Cash provided	1,547,904	719,655
Cash transferred to the Province of Alberta	(1,546,010)	(716,298)
Net increase in cash	1,894	3,357
Cash at beginning of year	6,994	3,637
Cash at end of year	$ 8,888	$ 6,994

The accompanying notes are part of these financial statements.

Alberta Petroleum Marketing Commission

Notes to the Financial Statements

December 31, 2000
(in thousands)

Note 1 Authority

The Alberta Petroleum Marketing Commission (the "Commission") operates under the authority of the Petroleum Marketing Act, Chapter P-5, Revised Statutes of Alberta 1980, as amended, and the Natural Gas Marketing Act, Chapter N-2.8, Statutes of Alberta 1986, as amended. This legislation designates the Commission as agent of the Province of Alberta to accept delivery of and market the Crown royalty share of crude oil.

Note 2 Significant Accounting Policies

a) Crude Oil Revenue

The Commission accepts delivery of crude oil, which it markets through agents. Revenue is recognized when the Commission accepts delivery of crude oil. Revenue reflects the net financial results of the agents' marketing activities. Purchases by the agents to satisfy sales requirements as well as trunk line transportation costs are netted against final sales proceeds. The agents remit revenue to the Commission in Canadian funds.

b) Inventory

Inventory represents oil in feeder and trunk pipelines. At the statement of financial position date, inventories are stated at net realizable value.

c) Valuation of Financial Instruments

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair values of accounts receivable, accounts payable, and due to the Province of Alberta are estimated to approximate their book values at December 31, 2000.

Note 3 Cash and Cash Equivalents

Cash and cash equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed by Alberta Treasury with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality, short-term and mid-term fixed income securities with a maximum term of five years. The carrying value approximates fair value due to the short-term nature of the CCITF investments.

Note 4 Accounts Payable

	2000	1999
Transportation and purchases	$ 21,365	$ 17,376
Goods and services tax	7,936	6,398
	$ 29,301	$ 23,774

Note 5 Commitments

The Commission has allocated a portion of its anticipated pipeline requirements to firm transportation agreements of up to eleven years. These agreements obligate the Commission to pay tariff charges for contracted volumes in accordance with contracted rates. The aggregate estimated commitment at December 31, 2000 is $117,655 (1999-$128,022). This commitment will be paid from future oil royalty revenue. Costs for these pipeline services are expected to be within the range of normal transportation costs.

Note 6 Related Party Transactions
The Commission accepts delivery of and markets the Crown royalty share of crude oil. The Commission remits the proceeds from the sale of the Crown royalty share of crude oil to the Department of Resource Development.

Note 7 Comparative Figures
Certain 1999 figures have been reclassified to conform to the 2000 presentation.

Note 8 Approval of Financial Statements
Members of the Commission have approved these financial statements.

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Alphabetical List of Entities' Financial Information in Ministry 2000-2001 Annual Reports

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Dairy Control Board	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Resource Development
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Treasury
Alberta Heritage Foundation for Medical Research Endowment Fund	Treasury
Alberta Heritage Savings Trust Fund	Treasury
Alberta Heritage Scholarship Fund	Treasury
Alberta Heritage Science and Engineering Research Endowment Fund	Treasury
Alberta Historical Resources Foundation, The	Community Development
iCORE Inc. (Informatics Circle of Research Excellence Inc.)	Innovation and Science
Alberta Insurance Council	Treasury
Alberta Municipal Financing Corporation	Treasury
Alberta Opportunity Company	Agriculture, Food and Rural Development
Alberta Pensions Administration Corporation	Treasury
Alberta Petroleum Marketing Commission	Resource Development
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Treasury
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Treasury
Alberta Social Housing Corporation	Community Development
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Treasury
ATB Investment Services Inc.	Treasury
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma' Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Neegan Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	

Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Treasury
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Environment	Environment
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Justice	Justice
Department of Learning	Learning
Department of Resource Development	Resource Development
Department of Treasury	Treasury
Environmental Protection and Enhancement Fund	Environment
Gainers Inc.	Treasury
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
Lottery Fund	Gaming
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development	Economic Development
Ministry of Environment	Environment
Ministry of Executive Council	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment	Human Resources and Employment
Ministry of Infrastructure	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations	International and Intergovernmental Relations
Ministry of Justice	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs	Municipal Affairs
Ministry of Resource Development	Resource Development
Ministry of Treasury	Treasury
N.A. Properties (1994) Ltd.	Treasury
Natural Resources Conservation Board	Environment

Persons with Developmental Disabilities Community Boards	
Calgary Community Board	Health and Wellness
Central Community Board	Health and Wellness
Edmonton Community Board	Health and Wellness
Northeast Community Board	Health and Wellness
Northwest Community Board	Health and Wellness
South Community Board	Health and Wellness
Persons with Developmental Disabilities Foundation	Health and Wellness
Persons with Developmental Disabilities Michener Centre Facility Board	Health and Wellness
Persons with Developmental Disabilities Provincial Board	Health and Wellness
S C Financial Ltd.	Treasury
Supplementary Retirement Plan Reserve Fund	Treasury
Victims of Crime Fund	Justice
Wild Rose Foundation, The	Community Development

Entities Not Included in the Consolidated Government Reporting Entity

Fund or Agency	*Ministry Annual Report*
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Treasury
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Treasury
Long-Term Disability Income Continuance Plan - Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Treasury
Provincial Judges and Masters in Chambers Pension Plan	Treasury
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Treasury
Public Service Pension Plan	Treasury
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Treasury
Supplementary Retirement Plan for Public Service Managers	Treasury
Universities Academic Pension Plan	Treasury
Workers' Compensation Board	Human Resources and Employment

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The Ministry of Resource Development Annual Report 2000-2001 is available on the following website: **http://www.energy.gov.ab.ca/depart/how/2000_2001/index.htm**

Current information about the organizations that were part of the Ministry of Resource Development in 2000-2001 is available at the following websites:

For the Alberta Department of Energy:
http://www.energy.gov.ab.ca
email: **http://www.energy.gov.ab.ca/depart/fback/index.htm**

For the Alberta Energy and Utilities Board:
http://www.eub.gov.ab.ca;
e-mail: eub.info_services@eub.gov.ab.ca

For the Northern Alberta Development Council:
http://www.gov.ab.ca/nadc
e-mail: nadc.council@gov.ab.ca

For the Forest Industry Development Branch of Alberta Sustainable Development:
http://www3.gov.ab.ca/srd/forests/fid/index.html
e-mail: env.infocent@gov.ab.ca

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